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# West Europe Report

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5 October 1984

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## 'NO TO NUCLEAR ARMS' GROUP PRISONER OF OWN SLOGANS

Oslo AFTENPOSTEN in Norwegian 13 Sep 84 p 2

[Editorial: "A 'No' Without Alternatives"]

[Text] "Our words define and limit our tasks." With these words a representative of the organization "No to Nuclear Weapons" during a debate recently refused to discuss how the strength of the conventional defense of the western alliance could contribute to raising the atomic threshold. We find the answer illustrative of the irresponsible position of "No to Nuclear Weapons."

There is good reason to notice this refusal to debate a realistic defense and security policy. The opposition is based on tactics. There are so many disruptive forces within "No to Nuclear Weapons," from supporters of a strong conventional defense to defense nihilists and political opponents of our alliance policy, that the organization does not dare to debate alternatives to its own slogans. Its numbers will fall away at the first attempt.

We immediately see the agitational strength which exists within a concentration of emotion-laden slogans. But we find it irresponsible and immoral to paste up a "no" as the only alternative, and to turn over to the responsible political authorities what must be done if the organization's appeal for unilateral western disarmament should succeed. Our criticism is primarily directed against the experienced politicians within the organization who know from previous and current national political work that something must replace the policy of protest. These driven politicians appear cynical.

At the above mentioned debate the people from "No to Nuclear Weapons" appeared to be sowing doubt about whether there really is a conventional imbalance between East and West. And if there should be an imbalance, the Soviet Union would never--it was claimed--attack West Europe, because then the Soviet empire would fall apart.

We have heard such philosophizing before in our recent history, and we know what this leads to since western politicians from the years between the wars

gave in to pacifist opinion which did not believe that Hitler, Mussolini and Stalin would attack. If we have learned anything from the experience it is that we should orient ourselves more in accordance with an opponent's possibilities than presumptions of intentions. The perspective of "No to Nuclear Weapons" activity is therefore frightening.

The Association for Defense of Norway has understood the seriousness of the work of "No to Nuclear Weapons." By means of a series of debate meetings and informational speeches this fall, certain Norwegian youth will be given an understanding that we must have a strong defense which is supported by solidarity within the western alliance. This will also include confrontations with "No to Nuclear Weapons." The latest debate meeting in Oslo shows the necessity and the benefit of responding.

9287

CSO: 3639/162



## PASTORS FORMING NATIONWIDE ANTI-NUCLEAR ARMS MOVEMENT

Stockholm SVENSKA DAGBLADET in Swedish 25 Aug 84 p 10

[Article by Curt Jonasson]

[Text] Pastors in Sweden are planning to form a nationwide organization called Pastors Against Nuclear Arms. More and more are beginning to preach about nuclear weapons as the greatest sin of our time. They also want to take up this topic with candidates for confirmation.

A large number of pastors believe it is a serious sin to produce and possess nuclear weapons. They say it is a sin not only because it is a threat to life, but also because it uses resources that could be used to reduce hunger in the world.

A conference for pastors will be held this fall in Stockholm and the decision to form a nationwide organization could be made at that time. In Stockholm and other diocese there are groups of pastors who are against nuclear weapons. In Stockholm alone, there are probably about 100 pastors who would join a nationwide organization.

One of the organizers of Pastors Against Nuclear Arms in Stockholm is pastor and editor Lars Ake Lundberg.

"At the meeting this October, we hope to find out how many diocese have groups of pastors who are against nuclear weapons. The nationwide organization could be formed at that time."

## Fateful Issue

Why is it so important for pastors to form an organization of this type?

"It is one of the fateful issues of our time and it affects people deeply," Lars Ake Lundberg said. "We pastors reach many people and, for this reason, we have a special responsibility. This is particularly true of young people. In confirmation classes, we come in contact with 75 percent of the young people in this country."

A survey taken by Physicians Against Nuclear Arms showed that nuclear weapons

are what young people fear most.

"In my work as a pastor, I have met many young people who are afraid of the future. They come from good homes and are doing well in school, but they are still depressed--because of the threat of nuclear war. Church leaders must begin dealing with this issue in confirmation classes," Lundberg said.

Comfort

A number of pastors have begun dealing with the issue of nuclear weapons in their sermons. Lars Ake Lundberg is one of them.

"But we must not deal primarily with the threat in our sermons. People have always been threatened in various ways--from crop failure and hunger to the threat of war. We must point out that nuclear weapons are one of the greatest sins of our time and a threat to life itself. But we must also point out the comfort and hope we find in God and use this as a basis for action."

According to Lundberg, reflection over the issue is not enough.

"We must meet to coordinate our work, organize diocese and contact groups, discuss the theological aspects of this important issue, and encourage one another to engage in regular and intense prayer for peace."

At the Gustaf Vasa Church in Stockholm meetings are held every Friday morning at 0815 to pray for peace. (It was at that time on a Friday that the first atomic bomb was dropped.) They pray the same prayer the pope prayed during his visit to Hiroshima.

9336

CSO: 3650/275

## CVP'S VAN DEN BRANDE ON PARTY'S PRIORITIES

Brussels KNACK in Dutch 25 Jul 84 pp 13-15

[Interview with Luc van den Brande, new CVP parliamentary party president in the House, by Jos Grobben and Marc Reynebeau: "I Want To Be the Propagandist for this Policy"; date and place not given; passages enclosed in slantlines, printed in italics]

[Text] The new president of the CVP [Social Christian Party (Flemish)] parliamentary party holds the floor.

For 8 years, lawyer Luc van den Brande (Malines, 1945) has been a member of the House of Representatives. He has repeatedly worked himself out of the claws of the 272 elected representatives. The first time it was the result of the vote on the Egmont and Stuyvenberg agreements. His shining example and fellow party member Jan Verroken voted against; Van den Brande carefully abstained. The second time happened in October 1982. Van den Brande's proposal to regionalize the five national sectors was introduced once again (as a result of the elections of November 1981 it had lapsed). The text consisted of barely three lines, but whereas it had been spirited away rather rudely in a first stage, this time it ensured a hot autumn. No government fell over it -- hence, you could say that he did /not/ follow the same road as Verroken who, in 1968, pulled the rug out from under the Vanden Boeynants-De Clercq administration -- but Van den Brande's name was established.

The CVP Youth awarded him the symbolic Uilenspiegel prize for his political courage, PSC [Social Christian Party (Walloon)] President Gerard Deprez called him a /separatist/, and the magazine DE ZWIJGER, which has since disappeared from the scene, derisively addressed him as /Kermit the frog/, because there is more noise than action.

So now Van den Brande has become president of his party's fraction in the House. There could be more opportune moments to take over that position. If, for example, a new and crucial budget were not on the program, if the umpteenth episode of the Happart comedy did not present itself, if the people were not being plagued by the umpteenth phase of income cuts, or if there were no elections in the offing for next year. As a matter of fact, the elections will be held only in December 1985 and not in June, at least if the government gets its wish. And that is to be expected. Meanwhile the newly minted parliamentary party president has virtually no objections.

Van den Brande: From a constitutional point of view, few objections could be made to that delay. It so happens that a normal legislative session lasts 4 years. Hence it would be hard to claim that the government is artificially extending its existence. Furthermore, it must be given a chance to fully complete its work. This policy must be continued, even after the elections.

Question: Is that possible with the socialists?

Van den Brande: That depends totally on them. I simply repeat: this is the only policy that can be conducted; it is this and no other.

Question: Without socialists then? In the past you have also often expressed yourself forcefully about socialists as government partners.

Van den Brande: Did I say that?

Question: Several times even, among others during interviews...

Van den Brande: Wait. I have always said that a coalition could be formed with /the/ socialists or with /socialism/. They could be a full partner. But in our country, during the period 1979-1981, they demonstrated that it is impossible to govern with them. Hence, I am not excluding the socialists at all, but given the positions they took then -- and still do as a matter of fact --, I don't see them as a coalition partner.

Question: And yet, for the ACW [General Christian Workers Association] wing within your party -- which you also belong to -- those socialists have always been a privileged partner.

Van den Brande: I can respond to that in very few words: I was, am and will continue to be a CVP member of parliament. We are not representatives of the ACW, of the Farmers Union or of the small businessmen. Each one of us naturally has his own specific concerns and sensitivities.

Impressive

Question: How do you see the role of a parliamentary party in general, and of the fraction you are going to lead in particular?

Van den Brande: Politically speaking, Christian democracy steps into the limelight on three fronts: via our people in the government and the Flemish executive, via the parliamentary party and, finally, via the party. Each of those three has a specific task. There can be no lack of clarity about it as far as the members of the government are concerned, the party must deal primarily with long and medium term programming and at the same time serve as a binder, and, finally, the parliamentary party ensures that daily and weekly political work is taken care of. Hence, a specific role has been set aside for the fraction. The party should not express its opinion at every moment about Article 122 or anything else; that is precisely the role of the parliamentary party.

Question: Isn't that where things went wrong in the past for the CVP? Didn't the party identify itself too much with the government policy and didn't they -- in spite of President Swaelen's promise -- listen too little to the rank and file, for which you had to pay at the election?

Van den Brande: That is your opinion. I believe that there is a clear majority in Flanders which approves of this policy. And I am also convinced that lately the party has sufficiently consulted with the rank and file.

Question: Where do you get the knowledge that there is a majority which approves of this policy?

Van den Brande: Oh, well, it is not scientific... When I use my ear to hear, then I find out that -- if people are well informed -- they approve of this policy. But perhaps there is a lack of information on a few points, and there is nothing that we, as parliamentary party, can do about that. But again: this is not a scientific position, but rather a political /feeling/. Listen, perhaps the people are not adequately informed and thus ideas originate to the effect that the policy conducted by this government is too liberal. That is absolutely not the case, otherwise we would not have supported the government. There are examples enough to support this. Take, for example, the theme of income reductions; someone who earns 30,000 francs must take a smaller cut than someone who earns 100,000 francs. And rightly so. Or take our redistribution of labor; it is being used as a model all over Europe now. Wilfried Martens is a CVP prime minister; together with our other ministers he is putting a stamp on this government.

Question: And what about the proposal to fight fiscal fraud?

Van den Brande: Of the three proposals we have introduced, two-thirds have been achieved through government texts. DE VOLKSMACHT recently made a list of the measures and believe me, that list was impressive.

Question: Whether there is a majority can only be tested through elections. Why then did you score only moderately well at the last European elections?

Van den Brande: In contrast to other campaigns, ours was /European/ oriented, with only people with a European dimension on the list of effectives...

Question: Rita De Backer and Erik Van Rompuy can hardly be described as real Europeans...

Van den Brande: Van Rompuy was an outgoing member of the European Parliament.

Question: But it is not a big secret that he would rather be involved in domestic politics.

Van den Brande: You should ask Van Rompuy that.

Question: He admits it.

Van den Brande: Right, right, we lost in comparison with 1979, but there were special circumstances at that time, such as the /Tindemans element/. If you want to make national comparisons anyhow, then you have to take the 1981 election as a reference point, and then we gained half a percentage point.. Yes, I persist in saying that there is a majority in Flanders which approves of this policy.

Question: You have always been an opponent of plenary powers. Now the second recovery act is being delivered in a large box with a pretty ribbon around it. What is your view on that?

Van den Brande: It is true that I have always had reservations about the system of special powers. If we could have acted quickly enough through parliament, then there would never have been any need for special powers; but what do I find? That this was not possible with the first recovery act. Another aspect of this matter, however, is the fact that mammoth laws are in and of themselves bad for parliament. Financial experts have to express an opinion on problems of education and vice versa. Why don't we let those matters be discussed among intelligent people who know something about it, damn it all, in committees. Hence, I will continue to plead for such mammoth laws to be divided into four, five separate chapters, which form a single political entity. In addition, it would be a good thing if the system of special powers were to be regulated by the constitution. It should be written into the constitution under what conditions they may be granted, and then parliament could still decide whether those conditions have been met.

My main objection to special powers is of a different nature yet. The elected, the members of parliament, are insufficiently able to act as propagandists for the policy that is being conducted. We can never say clearly: /we stand behind that./ I want precisely to be a propagandist for the policy that we help draw up.

Question: You have been a member of parliament since 1977; do you have the feeling now that things are better or worse than before the plenary powers?

Van den Brande: Parliament is not functioning better or worse than 3 or 4 years ago. But a few improvements need to be made. Thus there is, for example, the problem of absenteeism, a terrible ailment. Perhaps it would be /better/ if we introduced the system of attendance money. Personally, I don't have any problems with that, but I would consider it a bad thing if we had to do it. The activities themselves should also be reorganized. I like this parliament, but it is a Southern parliament. Interpellations, for example, have lost some of their value, they often serve a /local/, but therefore not to be neglected interest, and that is why I am also in favor of limiting speeches, of a different handling of public sessions...

Question: Wasn't the missile debate of November 1983 an ideal opportunity to let parliament join the game again? Didn't you miss that opportunity by letting the government make a decision on the matter?

Van den Brande: Technically speaking, that was a good debate! Even unexpected sources like Ignaas Lindemans and Pax Christi admit that. When the debate is analyzed, you reach the conclusion that it was well managed, by the majority as well, which is shown by Frank Swaelen's intervention. Now the voting, that is something else. There we said -- we didn't act rashly -- that constitutionally it was a matter for the government. If it makes a decision and parliament does not agree with that decision, then it can always be disavowed and then the decision is not implemented.

Question: You give the government a free hand and your position is: we will simply wait.

Van den Brande: That is not true. Our position is that everything must be done to get back to negotiations and thus to avoid the deployment.

Question: Isn't this a typical example of the lack of clarity your party is suffering from?

Van den Brande: Lack of clarity? That is very clear though. And where else have we been unclear in your opinion?

Question: The Happart affair, to mention one.

Van den Brande: No, we are clear there too. We have always said and continue to say that the legal order must be maintained. Now the ball is in the court of the Council of State, and when it renders a judgement then this will have to be carried out in full. Let us assume that the judgement is unambiguous and not open to interpretation and that we then say: /yes, but wait a minute/; then you could accuse us of being inconsistent. Not now.

Question: If the judgement turns out to be negative for Happart, won't you have trouble then with your French speaking coalition partners?

Van den Brande: They will have to comply with the legal order of this country.

Question: Could you risk a government crisis over that?

Van den Brande: I don't want to anticipate the facts, but am simply stating: the judgement will have to be carried out in full.

Question: It is your opinion that the CVP is very clear, that it does what it stands for and says what it means. According to you then, the accusation that your party has an unclear profile, or even none at all, does not hold water, does it?

Van den Brande: Who says things like that?

Question: To name only one: Van Rompuy.

Van den Brande: Yes, yes. I believe that we really are clear and that we have not lied to the voters. The CVP said beforehand that the emphasis would be on recovery. If this was not the case, then we will certainly be clearer in the future and explain better the choices that were made. Furthermore, I want to put an end to those comments everywhere, to those so-called ambiguities which are being published about us.

Question: Aren't you going to be very busy then?

Van den Brande: That could well be, ha ha, but I am not alone. Our whole parliamentary party is going to work on that.

#### Major Challenge

Question: What are your priorities for next year's budget?

Van den Brande: I don't want to anticipate this; we still have to consider this within the parliamentary party. Not enough data are known yet: revenues, government expenditures, results of the social consultation. What is clear is that the policy will remain the same as it is now, with the same objectives: income reductions according to ability, maintenance of purchasing power; I'll be glad if we can just reduce inflation from 7 to 6.5 percent.

Question: That will never succeed though.

Van den Brande: It should be possible. And we should also be able to keep hold of the reins in the area of employment.

Question: The further "reduction of the increase" in unemployment?

Van den Brande: Figures of course are not relevant for those who are hit by unemployment, but the government must continue its efforts to bring about a climate of confidence and hope. That is based on three elements: productivity (after all, it must be possible to sell the products), redistribution of labor, when necessary re-training.

Question: How do you see the redistribution of labor?

Van den Brande: I opt for a generalized 38 hour work week, with as little as possible loss of income (taking into account the competitive strength of the companies), and for parttime labor, with two conditions: that it be completely voluntary and that the same statutory and legal conditions apply as for full time contracts.

Question: What do you think of social deregulation as proposed by the PVV [Party of Liberty and Progress (Flemish)]: making dismissal regulations more flexible or reduced protection for union members?

Van den Brande: The review of labor agreements has been included in the second stage of the recovery act. However, I don't want the foundations of our labor system to be touched; we still have to discuss that within the



committee. I know that Mr Verhofstadt has numerous proposals, but I want to see whether Mr De Clercq will really bring all of them up for discussion within the government. I am not sure of that.

Question: Why did you really want to become president of the parliamentary party? Two years ago you were also a candidate against your predecessor Karel Blanckaert.

Van den Brande: In a democracy it must be possible to make a choice. My candidacy was not directed against Blanckaert; my only motivation was a positive one. Apparently, everybody within the parliamentary party felt that I would be able to handle it. Personally, I find it a major challenge: the parliamentary party must support the policy as a whole and propagate it to the outside; I also want to help make parliament attractive again, to improve the government-parliamentary party team play, and to make maximum use of the members of our parliamentary party, which is excellently manned.

Question: Did you perhaps have the feeling as "ordinary" member of parliament of being somewhat lost?

Van den Brande: No, we have been able to accomplish formidable work in the committees, we have been able to make interesting proposals. I think that it is significant that the group of elected officials has to take recognizable positions in parliament, and that these positions are developed more within parliament than outside of it.

Question: A parliamentary party president also embodies a way of working. What will be yours?

Van den Brande: I have my own thoughts about that and I will implement them in practice. The results of this will become evident in the coming months.

8463

CSO: 3614/118

## SDP'S INTERNAL DIVISIONS PREVENT SECURITY POLICY AGREEMENT

Copenhagen BERLINGSKE TIDENDE in Danish 9 Sep 84 p 2

[Article by Solveig Rodsgaard]

[Text] The chapters in the most recent history of the Social Democratic Party from the time the government changed hands in September 1982 up to the party's congress in September 1984 show that the party is still having trouble finding itself as an opposition party, that the soul-searching has not put a damper on the internal debate, that security and defense policy is still a sore point and that a power struggle is in full swing.

## Chapter I

After 16 months in the role of opposition party and after having helped to topple the nonsocialist government by voting no on the budget bill, the Social Democrats were repaid by voters in the January Folketing election with a loss of three seats.

At that time the acknowledged frustration in the party was so great after two election defeats in a row that the loss of seats was taken almost as an election victory. "It could have been much worse."

But something had gone wrong and soul-searching was necessary so in March representatives of the Social Democratic executive committee, the SDP Folke-ting group's committee and the LO [Danish Federation of Trade Unions] executive committee met at the Bymosehegn course center in an effort to get in step with each other. They tried to put a lid on the internal debate over sins of the past and one almost had the impression that the joint declaration from Anker Jorgensen and LO chairman Knud Christensen had been written in advance. It was strongly emphasized that the party and the union movement should stand together during the upcoming contract negotiations.

The declaration contained an explanation of the SDP election defeat. Among other things "external economic problems along with deep party divisions

in Folketing created very difficult conditions for ruling and developing Denmark and presented the Social Democrats with very difficult working conditions." And in another place: "In the election campaign we did better than our opponents expected when it comes to mobilizing many voters against the current conservative trend."

The joint declaration also looked ahead to the next election, namely the election to the EC Parliament in June. It called strongly for a turnout of Social Democratic armchair voters, so that the catastrophe from the 1979 EC election would not be repeated.

But it did not help. It is true that the Social Democrats retained their three seats in the EC Parliament and the party did pick up more votes. "But the results of the EC election were not satisfactory," as Anker Jorgensen put it. The showdown with both the nonsocialist wing and the People's Movement Against EC had taken its toll on the party which saw itself surpassed by both the Conservatives and the People's Movement.

EC is still a problem for the party. It is not many weeks since Helle Degn, a candidate for the vice chairmanship, launched a proposal for an in-depth study of Denmark's membership in EC and she also supported a proposal to study the conditions for withdrawing from EC. It has also been suggested that there be two Social Democratic EC nomination lists in the next EC election for EC supporters and EC opponents respectively.

## Chapter II

Anker Jorgensen is one of the people in Denmark with the most job security. When one is chairman of the Social Democratic Party one remains chairman until the time when one chooses to step down. "Social Democratic Party chairmen do not get fired. They leave on their own," as they say.

At the next party congress 62-year-old Anker Jorgensen will be re-elected to an enormous accolade and no one will talk about when he might feel like stepping down. It may be true, as Social Democrats are saying, that Anker Jorgensen will take one more Folketing election as party chairman in the hope that the period of Social Democratic defeats will be over. Maybe not to the point where the party regains government power, but just enough to put the party back on an upward course.

And his successor? At the moment Svend Auken is first in line. In the latter part of the Social Democrats' 2-year opposition period, Svend Auken has made his mark more and more. As political spokesman he has also increasingly sought a middle-line policy in the Folketing group. It was noted--also outside the Folketing group--that it was Svend Auken who came up with the proposal in June for a nonpartisan review of Danish security policy.

SDP political vice chairman Knud Heinesen, who is running for re-election to the post at the congress, is no longer referred to as the natural

successor to Anker Jorgensen. Quite a few Social Democrats have the impression that Heinesen is on his way out of Folketing politics. Some say he is too colorless. Others point out that he was in charge of the EC election, which did not go so well.

Folketing Speaker Svend Jakobsen has also been put on the reserve bench in the debate. But many have a hard time seeing him in such a prominent post as party chairman and today it is obvious that Svend Auken has passed him.

These people are the leaders in the Social Democratic Party today. But Ritt Bjerregaard has not been forgotten. She will be discussed in the next chapter.

But the summer debate has largely concerned the two candidates for vice chairman, Radio Council chairman Birte Weiss and Folketing member and chairperson of the Equal Rights Council Helle Degn. But both candidates must face the fact that the vice chairmanship is traditionally not a route that leads to the chairmanship. However it is the way to gain influence in the party.

### Chapter III

Officially the power struggle in the Social Democratic Party does not exist just as it has also been officially determined that there are no wings in the party. But the party's opposition period has negated the official explanations completely.

Ritt Bjerregaard's once so powerful coffee club has suffered the consequences of this and so has Ritt Bjerregaard herself. But many people think Ritt Bjerregaard's problems are her own fault. It did not sit well with everyone that Ritt Bjerregaard joined the Peace Fund's Friendship Society in February and later cast herself into a debate on security policy and called people like Robert Pedersen "aging custodians." Ritt Bjerregaard was hauled over the coals by people like Preben Bengtsson in the trade journal METAL, using words like "poisonous snake," and prominent Social Democrats were not happy about the level of the debate.

Nor did it sit well that Ritt Bjerregaard advanced her own candidates for the posts of vice chairman and party secretary--coffee club member Helle Degn and city council member Inge Nesgaard, who also works closely with Ritt Bjerregaard. This led Anker Jorgensen to immediately call a meeting of the SDP's executive committee to name the party's official candidates. And there Anker Jorgensen, Knud Heinesen and the union leadership backed Birte Weiss as candidate for the vice chairmanship. Birte Weiss is not exactly a favorite of the union leadership--but Ritt Bjerregaard was taken down a peg.

"That woman," as Ritt Bjerregaard is called in some sections of the union movement, does not hit it off very well with the big boys in the labor

movement. "She is not our cup of tea," as LO chairman Knud Christensen put it.

Therefore, as they head into this congress Ritt Bjerregaard has been virtually sidetracked. She is keeping a very low profile and no one expects a member of her coffee club to become vice chairman, as was the case at the congress 4 years ago. There Ritt Bjerregaard and her coffee club succeeded after skillful legwork in getting Inge Fischer Moller elected as vice chairman instead of the executive committee's official candidate, Jytte Andersen.

#### Chapter IV

The Social Democrats have not changed their stand on security policy after they became the opposition party. Anker Jorgensen, Lasse Budtz, Kjeld Olesen, Knud Damgaard and others have said that time after time. Other Social Democrats and the government parties do not accept that interpretation. When Folketing took its summer recess this year, it had gone through its eighth missile debate since the government changed hands.

The four-leaf-clover government had not been in office many weeks before the first altered security policy signals came from the Social Democrats. In November the Folketing group decided to vote no to paying for the installation of NATO's missiles. It made no impression on Anker Jorgensen that Prime Minister Poul Schluter stated that Denmark was legally obligated to abide by the decisions made by Anker Jorgensen, Kjeld Olesen and Poul Sogaard when they were in office. It was not until several days later when Anker Jorgensen was discreetly briefed by other leading Social Democrats that he became aware that the Social Democratic government had made a commitment to pay 26 million kroner. In a subsequent missile debate in December the Social Democrats passed a resolution to block the remaining 49 million kroner.

In November the Social Democrats also demanded that the government refrain from voting in the United Nations for a resolution on freezing nuclear arms arsenals. Anker Jorgensen threatened in a letter to the prime minister to overturn the government if it did not yield. The coalition government did so.

Now there was internal grumbling in the Folketing group. In January 1983 Folketing member Robert Pedersen stood out as official critic when he resigned from the Defense Committee and the 11-man committee supervising the defense agreement.

The month after that Folketing was again the scene of a security policy debate but the atmosphere was so tolerant that a large majority backed a Social Democratic resolution that enjoined the government to influence the western attitude toward the medium-range missile discussions in Geneva.

But there was no tolerance in the Social Democratic Party. In the months following the Folketing debate the Social Democratic leadership worked on

what was called the ultimate Social Democratic shift on security policy. Namely the controversial resolution of 26 May in which the party in fact renounced NATO's dual decision of 1979. The resolution was passed against the votes of the government parties, but the government decided to remain in office.

But the Social Democratic position left such deep internal sores in the party that former Foreign Minister K. B. Andersen and Folketing member Robert Pedersen started collecting signatures in reference to the fact that the Social Democratic resolution of 26 May meant that "34 years of broad cooperation on Danish foreign and security policy have been jettisoned."

Anker Jorgensen openly dissociated himself from the gathering of signatures, which did not change the opinion of the majority at the annual meeting of the Social Democrats at the beginning of September 1983. Some 188 party members had signed. But Robert Pedersen was a lonely man on the speaker's platform. The only support he got was from Metalworkers' Union chief economist Steffen Moller. Other delegates greeted them with hoots and jeers.

There was no missile debate in November 1983 but the Social Democrats made a soft landing in a resolution proposal that confirmed Denmark's NATO membership and called for working actively to insure that Denmark remains a nuclear-free area.

A few weeks later there was another missile day in Folketing--three inquiries, one of them a Social Democratic ministerial assault on Foreign Minister Uffe Ellemann-Jensen for the famous statements at Sabro Inn. The assault failed.

## Chapter V

In the months after the January election the Social Democrats had an internal debate on security policy. But the clamor from the peace movement became so loud that even leading Social Democrats tried to keep a low profile. But Anker Jorgensen did manage to send a letter to the prime minister stating the intention of the Social Democrats to remove 48 million kroner from NATO's fund for infrastructural programs.

When Folketing had its eighth missile debate on 2 May, the Social Democratic resolution, which took up a good three-quarters of a page, was the longest Folketing had seen in many years. But the landing was a soft one. The plans to make the Nordic region a nuclear-free zone should be promoted, the zone should be guaranteed by the United States and the Soviet Union and NATO membership was confirmed.

In June political spokesman Svend Auken made a surprising move with his proposal for a special political committee to review Denmark's security policy situation. Soon after that the prime minister appointed a narrow committee of civil servants charged with preparing an extensive report.

A month and a half later Knud Damgaard twisted the text of the agreement when he wanted to give up the idea of leasing new submarines and use the money to increase the contribution to NATO's infrastructure program. But not all Social Democrats liked that either. Vice chairman candidate Birte Weiss said that "it is a credibility problem for individual politicians and for the party if one month one quietly supports the defense agreement and the next one sows doubts about having entered into it."

## Chapter VI

The relationship between the Social Democrats and the union movement in the opposition period has been a love-hate relationship that is now going more smoothly with somewhat more well-considered statements.

It was very hard for the Social Democratic Folketing group to accept the fact that it was really just the extremist groups in the union movement who protested against the interventions of the new nonsocialist government. And it became even more difficult when LO accepted without protest in the spring of 1983 a contract that LO would never have approved if the government had been Social Democratic.

When the Social Democrats surprisingly decided in December 1983 to vote against the budget, thus breaking with a party tradition dating from 1929, this was met with strong criticism from the union movement which was not thrilled about the party's effectiveness in the subsequent Folketing election either. The problems were not reduced by the fact that there was a sharp antagonism between two strong union chairmen, Georg Poulsen of the Metalworkers' Union and Hardy Hansen of SiD [Semiskilled Workers' Union]. And Georg Poulsen and the Metalworkers' Union did not refrain from talking about removing Anker Jorgensen as leader of the party. This was sharply denounced by Hardy Hansen.

But at the conciliatory and soul-searching meeting in March at Bymosehegn they apparently agreed to stand together externally. The tone between Georg Poulsen and Hardy Hansen was remarkably calm and there was a lot of emphasis on the point that the party and the union movement now form a joint front against the government in connection with the upcoming contract negotiations. It meant a lot to state that the union movement would not allow itself to be dictated to by the nonsocialist government as was the case in the last final contract agreement.

But the Metalworkers' Union's latest move in reserving the right in a membership vote to decide whether or not to go along in a labor conflict makes it clear to the Social Democratic leadership that things are beginning to move in the union movement.

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## METALWORKERS UNION'S LEFT WING SUFFERS CONGRESS SETBACK

Copenhagen AKTUELT in Danish 7 Sep 84 p 17

[Text] The left wing suffered a clear defeat at the congress of the Metalworkers Union.

Neither SF [Socialist People's Party] nor the Danish CP got a member elected to the executive committee of the union.

There were a number of changes on the executive committee, but all the new members belong to the Social Democratic part of the labor movement.

However both left-wing parties had a member elected as an alternate to the committee--in both cases a first alternate.

They were Danish CP member Poul E. Hougaard from Aarhus and SF member Jens Benfeldt Jorgensen from Koge, Sjaelland.

There was only one change in relation to the recommendations of the national groups, in that Heinrich Metasch regained his seat on the executive committee.

He was recommended as an alternate by the national groups.

Will Meet Again in 1986

It was a very united and strong Metalworkers Union that concluded its congress in Alborg yesterday. The next time the union's delegates meet will be in 1986 when a final stand will be taken on a proposal concerning the future structure of the Danish Metalworkers Union.

The next regular congress will be in August 1988 in Copenhagen and at that time the Danish Metalworkers Union will also be celebrating its 100th anniversary.

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## COUNTRY'S RELATIONS WITH CHINA REVIEWED

Helsinki KANAVA in Finnish No 6, 1984 pp 369-372

[Article by Marita Siika]

[Text] China's growing importance may even have been felt to be a disturbing factor in Finland's efforts to relieve tension between East and West, especially when the crisis involving the USSR and China began to worsen at the end of the 1960's. Because of this, during the past two decades mutual relations between Finland and the People's Republic of China have been handled with a very low profile prevailing when we look at the comparable development of relations with the Western countries.

The growth of the People's Republic of China into a superpower has changed the international system from a bipolar system into one reminiscent of a triangle configuration. Several of China's views on international issues do not fit the familiar bipolar discussion model. On the other hand, China has regulated China-USSR and China-U.S. temperatures resulting from the triangle in a very varying way if we examine its development over the past three decades.

Finnish foreign policy has concentrated on the usual East-West configuration issues.

In the early 1950's Finland activated state cooperation with China by in part linking it with its new Eastern European policy. Although the China recognition issue was to a certain degree resolved by the Nordic countries, Finland's mutual relations with China developed more rapidly with China and grew to be more complex than did those of the other Nordic countries. Trade between Finland and China was set in motion on a new basis when the Soviet Union opened the so-called triangle trade as early as 1952.

The very next year Finland was the first Western country to conclude a trade agreement with China. In addition to the special features of our trade relations with China, we may mention the fact that in 1953 the Council of State authorized the Trade and Industry Ministry to engage in reexporting in trade with China. From 1953 to 1956 all imports from China were handled through Trade and Industry Ministry procedures. In their time there were notable demonstrations of cooperation in the climate of the Korean War and at a time when

China was under a commercial blockade conducted by the United States. Because of this, for example, the Finnish vessel "Aruba" was stopped by the Americans in 1955.

The other Nordic countries behaved noticeably more cautiously. Sweden, Norway and Denmark did not conclude trade agreements with China until 1957-1958 since the Suez crisis was still delaying communications between countries. It was feared that the United States would interfere with oil shipments to the Nordic countries if they were to cement overly visible relations with China. On the other hand, the Suez crisis had made oil shipments from the Near East area difficult and American oil occupied a key position. Thus the way the two superpowers related to China decisively influenced the different Nordic countries' trade relations with China.

### 1950's a Time of Brisk Action

Historically viewed, the different Nordic countries' dependence on the two superpowers in trade with China becomes even more obvious. In trade between Finland and China there were no principles worth mentioning so that the breakthrough in the 1950's was due to other things, having primarily to do with foreign policy. On the other hand, since the beginning of the 20th century both Sweden and Denmark had participated in the competition among the Western nations for the Chinese trade and investment and other economic opportunities that existed in China. After World War II these countries were still trying to establish sizable trade relations with the China led by Chiang Kai-shek. However, just like Norway, Sweden and Denmark delayed in establishing trade relations with the People's Republic of China in the 1950's until England set the example in the mid-1950's.

The interest in China aroused in Finland was not limited to trade alone. Internationally significant were the 1956-1957 visits between the parliaments of Finland and China, headed by speaker of Parliament V.J. Sukselainen for Finland and vice chairman Saifudin for the People's Congress of China. The Finnish delegation's visit was the first Western parliamentary delegation visit of its kind to China and that is why it received widespread publicity in the Chinese press.

In comparing the interest the political parties of Finland and the other Nordic countries displayed in China in the 1950's, naturally the activity of the communist parties of all countries was evident. However, the activities of some of the leading figures of the Finnish Agrarian League -- in the Finland-China Society, for example -- were conspicuous. This sort of interest was not manifested in the noncommunist parties of the other Nordic countries. We may also mention the fact that Mrs Sylvi Kekkonen was named an honorary member of the Finland-China Society in 1956. She had led Finland's first culture delegation to China in 1953.

So the 1950's was a time of brisk activity in Finnish-Chinese relations in the domains of diplomacy, trade and culture. In comparison with the other Nordic countries Finland developed its relations with China nearly from the ground up

to very considerable proportions, to a certain extent acting as an unbiased trailblazer, especially in the climate of international tension caused by the Korean War in the early 1950's. It was advisable for Finland's economic life to find a new market area in China, especially for its industrial products, when the payment of war reparations came to an end. Finland's trade relations were to some extent reminiscent of the Eastern European people's democracies' trade relations with China, but we may state that Finnish diplomacy strove to find its own particular approach in the shaping of political relations. However, the special features of this approach were concealed behind the Nordic countries' internationally known China policy in the 1950's: the defense of the People's Republic of China for membership in the United Nations.

#### Chinese-Soviet Crisis Transformed Trade Relations

The crisis between China and the Soviet Union gradually brought about a shifting change of direction in both Finland's and Norway, Sweden and Denmark's relations with China. The disagreement between the two big socialist states decisively cut down trade between them and directed their attention to Western markets -- particularly Western Europe, Canada and Australia. In this new configuration the Nordic countries' position was an advantageous one because, despite the tense relations between the United States and China, many Western countries were ready to engage in sizable trade relations with China. The political ballast of the China trade was internationally lightening viewed from the standpoint of the West.

Especially with the approach of the mid-1960's, when China's economy had recovered from the great leap forward and the misfortunes caused by certain caprices of nature, many Western countries began to plan their China trade on a more extensive basis. In connection with this too, the different Nordic countries sent commercial or technical delegations from different fields to China, and Sweden and Denmark each individually began to prepare for the organizing of a sizable major exposition in Beijing.

Finland's commercial efforts with China were in the same direction, but Finland did not operate as conspicuously as, for example, Sweden and Denmark.

Reexporting was still in effect, but trade in raw materials, primarily soy beans and cellulose, constituted a larger and larger portion of the trade. With the aid of trade statistics we may speculate that a large part of Mao's "Red Book" was printed on paper made from Finnish cellulose. Finland's metal industry export products, however, now experienced widespread international competition on Chinese markets.

#### Political Caution of the 1960's

Political caution was, however, a feature that labeled relations between Finland and China in the 1960's. Ministry of Foreign Trade T.A. Wiherheimo visited China in 1963 on the occasion of the signing of the annual trade agreement. Also China's own public statements regarding Finland were reduced to nothingness, whereas during the 1950's they were abundant and friendly in nature. For example, on 22 June 1956 the PEOPLE'S DAILY wrote of Soviet-Finnish friendship:

"The people of Finland know from their experiences what the right and necessary approach to a peace and neutrality policy is and they have firmly pursued it. The government and people of China have great respect for the Finnish Government's carrying out the results of the peace and neutrality policy."

We do not find similar articles in the Chinese press in the 1960's, although China even then in diplomatic contacts always remembered to thank Finland for its early decision to recognize the People's Republic of China and for the trade it engaged in with China in the early 1950's.

From the Finnish standpoint, perhaps the most troublesome event of the 1960's, which produced the break between the Soviet Union and China, was the World Peace Council conference held in Helsinki in 1965, at which the Chinese openly accused the Soviet Union which, according to them, exercised a dictatorial policy at the conference. While the Chinese did not associate themselves with its criticism of the host country, the Helsinki Peace Congress was treated in a negative tone in Chinese articles, which was certainly unpleasant for Finland.

### "Everyman's Diplomacy" Changed

With official relations between Finland and China burning at a lower flame, "everyman's diplomacy," friendship society activities, also underwent changes. Their membership, and particularly the societies' activists experienced a rapid drop in young members at the end of the 1960's as the international new Left movement, the Vietnamese War and China's own political irritants accelerated. Exactly the same kinds of changes also occurred in the other Nordic countries. The societies' action goals also changed from the effecting of cultural exchanges more to a policy of political declarations. It is politically significant that of all the Nordic countries it was precisely the Finnish China Society whose membership grew to be the biggest.

In all the Nordic countries the so-called Marxist-Leninist groups, which formed independent parties in Sweden, Denmark and Norway in the mid-1970's, grew alongside the friendship societies. In Finland, however, this kind of party was not founded. During the cultural revolution (1966-1969) and the 5 years that followed it, perhaps the most obvious change between China and Finland as well as between it and the other Nordic countries took place at the civic group level, whose relations were closer to the above-mentioned organizations. Also many Finnish cultural figures were in those days invited to visit China and some of them imperceptibly became "political pilgrims," to use Paul Hollander's term.

Although the economic policy of the cultural revolution, which stressed self-sufficiency, did slow down the development of China's foreign trade, President Nixon's surprise visit to Peking in 1972 encouraged the business world of other Western countries to take advantage of the better opportunities in China following the unstable period of the cultural revolution. Like other Western countries, the governments of the Nordic countries concluded air and sea transport agreements with China. The Swedish-Danish-Norwegian state airline, SAS, and the Finnish state airline, Finnair, tried to initiate a regular flight to Tokyo via Beijing, but neither airline reached an agreement with the Soviet Union on the conditions for flying over its territory.

Examining the timing of Foreign Minister Vayrynen's trip to China last January, it is interesting to note that the Norwegian, Swedish and Danish foreign ministers visited China as early as 1973 -- at that time our education and foreign trade ministers visited China from Finland. The first visit to China by a Nordic prime minister was from Denmark, the home of the East Asiatic Company which has acquired an important and long-term position in the China trade, in 1974. Swedish Prime Minister Olof Palme had also planned a visit to China as early as 1976, but had to abandon his plan following the Social Democrat election defeat. But at the end of the 1970's and in the beginning of the 1980's the governments of Sweden, Norway and Denmark were represented in several high-level visits to China. So, did Finland not keep up with them?

Finnish foreign trade ministers have made several visits and there have been a few private visits by lower-level ministers. Such visits have also been made by the other Nordic countries. As for Finland, the problem was the critical relations between the Soviet Union and China, which had developed to the point of open hostility on both sides. On the other hand, Finland's attempts to promote detente between the two superpowers in order to effect a European security conference were in complete opposition to China's international political objectives at the time. China tried to create the image of a Soviet threat to the countries of Western Europe. It is understandable that, viewed from these standpoints, the Finnish and Chinese foreign ministers had no interest in joint discussions.

However, relations between Finland and China remained proper throughout nearly the entire 1970's. China avoided linking Finland with the propaganda it was conducting against the Soviet Union, although it portrayed in detail Norway and Denmark as "threatened" areas. Finland's role in the CSCE process was not criticized in the press, even though China loudly opposed the CSCE. But in 1976-1977 China also linked Finland with the propaganda war it was waging against the Soviet Union. Bartenyev-Komissarov's book "Thirty Years of Good Neighbor Relations" and the commotion it caused, the Soviet ambassador to Finland's proposal that Finland and the Soviet Union together celebrate Independence Day in 1977 and Soviet comments on Lauri Sutela's speech in which he emphasized the need for Finland to strengthen its defense served as irritants.

The discussion engaged in in Finland on these same issues aroused the Chinese news media to make comments in which they for the first time linked Finland with the anti-Soviet propaganda. The leading theme in the Chinese articles was the claim of a Soviet threat against Finland's independence and neutrality. Soviet Prime Minister Aleksey Kosygin's view of Norway's security policy, which he presented in connection with Finland's 60th anniversary, received comments in the Chinese press. In them Finland's firm connection with the Nordic countries was emphasized.

From the standpoint of Finland, the annoying dispute between the Soviet Union and China delayed Finnish enthusiasm over China's economic reforms at the end of the 1970's. The Norwegian, Swedish and Danish governments discussed more flexible forms of trade with the Chinese, sent delegations highly specialized in different sectors, welcomed a fairly large number of Chinese students into

their universities and offered China advantageous export credits. At the same time Finland's interest was directed toward the rapidly expanding centers of Southeast Asia.

East and Southeast Asia's recent economic growth and new international political significance have produced changes in the superpowers' attitudes toward these countries' governments. While negotiations between the Soviet Union and China have not revealed any decisive results, a big step has been taken in public exchanges between them toward mutual respect as compared with the events of the 1970's. This climate has also been favorable for Finland, which cannot ignore China's growing importance in its national relations and international actions. Furthermore, a breakthrough has already occurred through the numerous important delegations that have visited China this past year and which have this year led to important economic and technological agreements between these countries. Bulgaria, Czechoslovakia and Poland have also broadened their relations with China.

Finland's relations with China must be viewed in terms of the historical background and also of some sort of neutral ground of Nordic and Eastern European behavior. Last summer the Chinese prime minister visited Denmark, Sweden and Norway on a trip he made to six European countries. Finland was not, however, included in the program.

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## POLICY ON HANDLING DEFECTIONS FROM EAST BLOC EXAMINED

## Uproar Over Defectors

Helsinki HELSINGIN SANOMAT in Finnish 2 Sep 84 p 25

[Article by Pekka Vuoristo]

[Text] Many Western countries favor Soviet defectors. Finland is just as harsh with all refugees and sticks to the letter of the Geneva convention. Some decisions weigh on the consciences of the decision-makers. Amnesty International has now disclosed the names of six defectors who were returned to the Soviet Union. Finnish officials admit to knowing of only two.

Finland deals with defectors from the Soviet Union differently from most Western countries. This is known everywhere, particularly in the Soviet Union.

Finland does not, however, treat Soviet citizens any worse than others trying to get into Finland. On the other hand, many other Western countries have accorded Soviet defectors a special status.

Therein is the heart of the international stir produced by Finland's refugee policy.

Finnish officials are not at present issuing anywhere near as many statements about the refugee policy as they did only a couple of weeks ago. They feel that the discussion that has been raised abroad is vexatious and hope that it will die down. The subject is, you see, inseparably linked with Finnish foreign policy, in the handling of which officials usually pussyfoot about.

From conversations with officials who shall remain anonymous we can, however, outline the main lines of Finland's refugee policy.

All countries base the treatment of refugees on the international convention concluded in Geneva. But the convention can be interpreted and the minimal requirements stipulated in it can, of course, be exceeded.

Finland has decided to interpret the convention in an extremely strict way. The interpretation is so narrow that in the Finnish section of the international

organization, Amnesty International, which works on behalf of political prisoners, they feel the convention is being violated.

Even Finnish officials unanimously admit that the decisions that are made sometimes gnaw at their consciences.

#### Finland Does Not Want to Become a Refugee Haven

There are two principles in Finland's refugee policy. First: Finland prefers not to accept individual refugees. Second: Finland is just as reluctant regardless of where the refugees come from.

Officials do not want Finland to become a general haven for refugees. They defend this on the basis of the bitter experiences Sweden has had with its open arms policy, among others.

The official line is certainly tough and the treatment of anyone trying to get into the country is harsh. The person arriving is not offered asylum nor are his rights explained to him. If the person arriving does not know exactly what he wants or what his chances are, it is his tough luck.

Furthermore, Finland's decision-makers do not want anyone to say that Finland favors refugees that come from some particular country.

That is why Finland sticks to the letter of the Geneva convention with tooth and nail. A refugee must be able to prove, or at least with valid reasons argue, that he has become the object of persecution in his homeland. The treatment of refugees is "symmetrical" in Finland: Persecution must be proven, no matter where the refugee comes from.

This is the issue when the Western press criticizes the Finnish refugee policy for being Finlandized.

Finland is unique with its "symmetrical" way of handling such matters. Just the opposite of Finland, many Western countries have accorded Soviet refugees a special status.

Many countries very harshly reject, for example, Near Eastern or Eastern European refugees. They maintain that they generally reject refugees who may become the object of persecution in their homeland.

Soviet citizens are, however, acceptable. Artists and important officials highly regarded in their native country, for example, who, according to the Finnish interpretation, would scarcely meet the criteria for refugees, are accepted as refugees.

A Finnish official stated that acceptance of these refugees is not based so much on the Geneva convention as it is on sympathy with one's political ideology.



The fact that, according to the extreme Western view, to wit, that the Soviet Union is such a bad place that anyone who escapes from there should be granted asylum could heighten the situation.

Defectors are also often regarded as a political victory -- a move from the "enemy" camp to "our" side.

Finland has no wish to in this way turn itself into a gateway to the West for Soviet refugees. It is an obvious choice for Finland's foreign policy makers. In the background is the fear that Finland would become a thoroughfare in the event of a conflict between East and West.

The foreign policy character of the refugee policy is stressed by the fact that the opinion of the Foreign Affairs Ministry carries the most weight in determining the status of a refugee who has crossed the border. Furthermore, information on all asylum cases goes to the president. If he wishes to, he can influence decisions.

#### Returned Defectors Pay a Political Price

Impartially harsh treatment serves Finland's objectives as concerns policy governing foreigners and foreign policy. The price of these objectives is imposed, sometimes with interest, on the defector who is not familiar with Finland's situation.

Soviet dissidents know quite well that Finland takes a dim view of defectors. Even the feeling that one cannot as a rule obtain asylum from Finland is widespread.

Privately, Finnish officials admit that the spreading of such notions in the Soviet Union makes it easier to implement Finland's refugee policy.

Thus rather few real dissidents, whom it can be shown have been persecuted, come to Finland from the Soviet Union. Mere dissatisfaction with the system or a desire to live in a Western country is an insufficient reason here for being considered a refugee.

Nor do those rare border crossers who may meet the requirements for refugee status seek out Finnish officials. If they are caught, they generally do not request asylum, instead announcing their desire to go to a third country -- or even back home.

If asylum is not requested or the conditions of the strictest interpretation of the Geneva convention are not met, the subject may be facing extradition.

In returning a Soviet defector, Finnish officials are well aware that punishment awaits him. In the Soviet Union fleeing the country is treason and by our standards the penalties are severe.

The Geneva convention prohibits the return of a refugee to his country if he may become the object of persecution.

Finnish officials, however, do not consider the punishment given someone who has been returned for crossing the border to be the persecution intended by the convention. Proof of persecution would have to be from a time prior to the defection, that is, refugee status would have to be verified before considering return of the subject.

The Finnish section of Amnesty International is of a radically different opinion on this. According to the section's refugee coordinator, Hans Sandvall, the interpretation "without any further consideration leads to a violation of the Geneva convention."

Amnesty International does not want special status for Soviet refugees. But Sandvall argues that, while crossing the border is treason, it is also an expression of political opinion. Which is why the penalty for that should be regarded as the political persecution intended by the convention.

Sandvall points out that the section of the Geneva convention governing return does not presume prior persecution, but refers only to the consequences of a return.

Amnesty International's position is that, if a border crosser does not want to remain in Finland, Finland could contact a third country. Finnish officials are not, however, familiar with such a procedure.

If the refugee status of someone trying to get into the country depends on the interpretation, Finnish officials might also consider whether return would result in unjust consequences for him.

Officials privately admit that some decisions can for good reason be criticized afterwards. Several decisions to return refugees have weighed on the consciences of the decision-makers.

#### Alien Is at the Mercy of Officials

The Finnish section of Amnesty International has a great deal more to say about the treatment of refugees and border crossers in Finland.

At Amnesty International they feel that the worst shortcoming is the fact that an alien here is still -- according to the new alien law -- largely at the mercy of officials.

Border Guards, the Security Police and the Ministry of Interior handle border crossing cases. One can complain about decisions, but complaints are dealt with by the Ministry of Interior -- that is, the same official agency that makes the decisions. Both the Border Patrol and the Security Police are under the jurisdiction of the Ministry of Interior.

The refugee's statement is transmitted to those who decide on the case primarily through the Security Police. When, for example, a defector says that he has been the object of political persecution in his native land, they try to verify the truth of his statement through the technique of interrogation.

Also, whether the person who has been interrogated has requested asylum and at what point he did so are revealed in the interrogators' notes.

If an alien is taken into custody only to be turned back at the border, he has no right to make contact with the outside world, for example, with the refugee commissioner or the legal counsel provided by Amnesty International.

In Hans Sandvall's opinion, these facts leave room for many doubts.

We may doubt that they are always willing to listen to the person who has arrived's request for asylum, instead handling refugee cases as persons to be turned back at the border.

Furthermore, we know of several cases where the person being interrogated has withdrawn his application for asylum in the middle of the interrogations. In Sandvall's opinion, this is "peculiar."

Sandvall knows of a case where the alien claimed that his interrogators pressured him to withdraw his application for asylum. We have only the person who was interrogated's word for this case and officials do not generally consent to discussing individual cases.

In Sandvall's opinion, just to dispel these doubts it would be absolutely vital for someone other than the interrogating official to always listen to the alien as well. At Amnesty International they would prefer to have the detained alien always provided with legal counsel or even given the right to see the refugee commissioner or some other outsider.

In the opinion of Amnesty International, officials should be absolutely obliged to inform the alien as to his rights. This is not done in Finland -- the person arriving is mainly asked questions.

Hans Sandvall also feels that the provision whereby turning a person back at the border can be carried out even though a change of decision has been applied for is "especially strange."

#### Guardians of Peace on Eastern Border.

Helsinki HELSINGIN SANOMAT in Finnish 2 Sep 84 pp 25-26

[Article by Jorma Korhonen]

[Text] The Border Patrol annually discovers about 10 persons trying to get into the country illegally and leads them off for further examination by police officials. All told, statistics on from 200 to 300 cases a year of illegal arrivals in the country have been assembled.

After its own interrogations and examinations, the Border Patrol relinquishes the illegal entrants into the custody of the police, washes its hands of them and remains silent on these incidents. The border officials conceal their silences behind their duty to treat them as secret matters.

Illegal border crossings, which the Finnish and Soviet border authorities handle by mutual agreement crop up every now and then on the Eastern border. Many of these are classified as unintentional, in which case the border crosser is almost immediately returned.

The incident that occurred 6 years ago at the Vartius border station on the road to Kostamus, when a Soviet soldier roared across the border right into the Border Patrol courtyard in a car, was viewed as unintentional. The soldier was carrying laundry bags and took the wrong turn at the crossroad onto the road leading to Finland. He was returned immediately.

The border procedure agreement between Finland and the Soviet Union stipulates: "Persons who have unintentionally effected an illegal border crossing and have been detained in the territory of the other party to the agreement are to be turned over to the authorized official of the party to the agreement from whose territory they have come as soon as possible."

Nowhere is it stated how unintentionality can be shown and how much weight examiners' views carry in interpreting a given case.

Border officials stress the fact that their job is only to prevent illegal border crossings, but, in the event it happens, to detain a border crosser for investigation of the matter.

In some cases interpreted as unintentional, especially those that came to light in earlier years, border guards had the unspoken question fixed in their minds: Was the purpose of the crossing to test the efficacy and vigilance of the Border Patrol? The same sorts of questions have also been raised in connection with border incidents involving air space.

In the 1960's there were still cases in Pohjois-Karjala in which the person who had come from behind the border and was detained was given food and dry clothes, after which he was sent back on the basis of consultation with the border authorities.

Finnish border guards trust their means for spotting every illegal crossing, whether it be by land or by water. The means are largely conventional border patrols and the tracking engaged in in connection with them. Triplines have been set throughout the terrain and fields raked smooth to reveal tracks. The illegal traveler triggers the tripline without noticing it and leaves his print in the smoothed field. In winter, according to the border guards, tracks in the snow quite completely give away the traveler.

At all patrol posts there are tracking dogs that are capable of following tracks over 12 hours old. The dog patrols move along both paths and shifting trails. The dogs are also important aids in arresting illegal travelers. Many arrests are annually added to the list of the dogs' achievements. Most of those arrested are in the border zone without permission and are therefore not defectors.

Guards also keep watch over the national border from watchtowers located along the borders, especially for air reconnaissance. We were told that they have modern means of communication.

Finnish border officials emphasize that the nation's borders do not require devices that would make crossing the border hazardous or even difficult in any direction. "Minefields and barbed wire are unnecessary," they say.

Border guards have also obtained electronic accessories. Here and there television cameras are aimed at the border. The guard can scan what is going on in the border zone and the area beyond it from monitors in the watch house. The cameras do not in general cover the border other than at customs entry and official border crossing points.

They think that modern vehicles have also made border surveillance noticeably more effective than it was in past years when they patrolled with skis and on foot.

Due to a failure to inform the public and the maintenance of secrecy, illegal border crossings, which occur despite the vigilance, are expanded on and distorted as rumors among the public. The civilian population of the border districts feels that this secrecy is peculiar since it can interfere with cooperation between border guards and civilians.

A few years ago some civilian villagers in Hattuvaara near Ilomantsi noticed two oddly dressed strangers with knapsacks who had been camping in a hay barn near the village and the Border Patrol post for a couple of days. On the basis of the civilians' report, the border guards arrested the men and turned the case over to police officials. Border officials are still unwilling to talk about the fate of the men. The police too are silent on the matter. The people of Hattuvaara feel that the explanation that the men with knapsacks were returned to the Soviet Union is the true one.

About 20 years ago there was an incident in Hattuvaara in which border guards fired on 2 Finnish men returning from the forest late in the evening, believing them to be defectors from across the border. The loggers returned their fire until they had a chance to identify themselves. The men nevertheless had illegal weapons, which border officials confiscated in connection with the investigation of the case. To this day the loggers are referred to as the "Hattuvaara Russians."

A Finnish border guard nowadays feels that his job is to safeguard border peace in his own immediate border area — on the Eastern border this means the border zone — and see to the preservation of public peace and security in the zone so that [our Eastern] neighbor has nothing to object to and does not himself violate the border. People illegally passing through the border zone are not distinguished in the regulations in terms of where they are coming from and where they are going. Anyone passing through the border zone is obliged to show his ID card and travel permit if the border guard requires him to do so.

The regulations also specify that border guards must release an illegal traveler within 24 hours of his detention at the latest following interrogation unless there is another reason for holding him. According to current practice, border guards usually penalize Finnish citizens illegally passing through the border zone with a 14-day fine.

In those extremely rare cases in which a Finnish border guard happens to be on the spot just when someone tries to enter Finland illegally from our neighbor country, the border guard tries to prevent him from crossing by showing him where the border is. "The stranger is not lured into Finland," the border guards assured us.

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CSO: 3617/221

## AMNESTY INTERNATIONAL GIVES DETAILS ON DEFECTORS' RETURNING

Helsinki HELSINGIN SANOMAT in Finnish 2 Sep 84 p 26

[Article by Martti Backman]

[Text] According to data collected by the London secretariat of the international human rights organization, Amnesty International, six Soviet citizens have been turned back at the Finnish border over the past 10 years even though they requested asylum.

Finnish officials admit that they know about two of the defectors reported by Amnesty International. According to the Finns, in both cases the person who crossed the border did not request asylum, which is why they were returned, since they were without passports.

Records of investigations written up concerning illegal border crossings are secret. That is why it is impossible for an outsider to reliably determine which information is correct, Amnesty International's or the Finnish officials'. It is one party's word against the other's.

According to Amnesty International, Soviet citizen Aleksandr Tratravka accompanied by his brother, Mikhail, and two men named Boris Chishkov and Romanchuk crossed the Finnish border in 1974.

Finnish border guards stopped the excursion party and sent the border defectors back to the Soviet Union, Amnesty International reports. According to its information, Aleksandr Tratravka was sentenced to 5 years in a psychiatric clinic for high treason. He was released in March 1979 and was again arrested on 14 July 1982 charged with the dissemination of anti-Soviet materials. He was sentenced to 3 years in prison for that.

Amnesty International has no information on the fates of the other participants in the attempt to defect. The Finnish Security Police says that it knows nothing about Tsatravka and his companions.

In July 1980 Soviet dissident Vyacheslav Cherepanov crossed the Finnish border. According to Amnesty International, he sought asylum, but was returned to the Soviet Union within 3 days.

In May 1981 Cherepanov was sentenced to 15 years in prison for high treason and after that to an additional 3 years of internal exile, indicates Amnesty International. After the death penalty, 15 years in prison is the stiffest sentence known in Soviet criminal law.

#### "Defector Did Not Request Asylum"

Security Police chief Seppo Tiitinen disputes Amnesty International's information to the effect that Cherepanov asked Finland for asylum. Tiitinen did not, however, venture to say how it would have gone if he had applied for asylum.

Tiitinen feels that the most surprising thing about this are the reports that appeared in the foreign press, according to which Finnish officials mistreated Cherepanov during the interrogations. "The truth of the matter is that the man received doctor's care in Finland because he was not in very good shape," Tiitinen said.

The third incident reported by Amnesty International is the case of Estonian Hillar Prunsild in August 1982. Prunsild was caught in the vicinity of the border near Kuusamo. According to Amnesty International, Prunsild received a sentence of 3 years in prison in the Soviet Union for illegal escape to a foreign country.

In 1983 Interior Minister Mikko Jokela had to provide an answer to the question posed by Parliament regarding the return of Prunsild. According to Jokela, Prunsild did not request asylum, but he declared that he wanted to go to Sweden.

Jokela reminded his listeners of the Nordic passport control agreement according to which "every Nordic country must turn back from an external Nordic country border any person who does not have a valid passport and a visa for the Nordic country he intends to travel to."

That is why Prunsild was turned back to the Soviet Union, Jokela explained to Finnish Christian Leaguer Ulla Jarvilehto.

The minister also asserted that a refugee is always questioned in his own language. In this case Prunsild did not even claim that he had been persecuted in his native land. Jokela said that, on the contrary, he stated that he did not want the right of asylum.

#### Three Requests for Asylum Denied

The refugees cited by Amnesty International were returned to the Soviet Union in compliance with the procedures stipulated in the Border Peace Agreement between Finland and the Soviet Union. Therefore, whether or not they qualified as refugees was not even considered by the Interior Ministry because it was felt that the requirements for it were lacking.



Security Police chief Seppo Tiitinen said that, in addition to these cases, he remembered two or three Soviet refugee applications over the past 5 years that were not denied until they were handled by the Interior Ministry.

At the Foreign Office of the Interior Ministry, on the other hand, they reminded us a couple of weeks ago, at an early point in the discussion that had been raised over refugees, that only one Soviet citizen had sought asylum during the past 20 years, and he received it too.

Since officials refuse to discuss individual refugee cases, the controversy that has arisen cannot be settled.

According to Tiitinen, the Interior Ministry denied the Soviet applications for asylum that came to it for consideration because the applicants did not meet the requirements of the international refugee convention.

According to that convention, a person may become a refugee if he has reason to fear that he will be persecuted in his native land because of race, religion, nationality, membership in a given social class or political opinion.

The key word is persecution. According to Finnish law and its interpretation, an applicant for asylum must present plausible reasons to support his claims regarding persecution. For example, he has been interrogated or arrested for his political opinions.

According to this view, general dissatisfaction with conditions in his native land, poverty or an attitude differing from the prevailing political opinion are not grounds enough to obtain refugee status.

This interpretation also meets the requirements of the UN Refugee Convention right down to the smallest iota. The UN Refugee Office in Geneva has raised no objections to the refugee policy pursued by Finland.

#### Randpere Was Not Persecuted

We can easily see that for these reasons Valdo Randpere and Leila Miller, who recently defected from Estonia, did not have a chance of obtaining asylum in Finland.

The couple announced that the reasons for their flight were "Russification, the economy and shortages." In addition Randpere stated that he had fled to avoid military service.

The Estonian couple did not even claim that they had been persecuted, but that with their right to travel they clearly occupied a privileged position in their homeland. Nor is it likely either that violinist Viktoria Mullova, celebrated in her country, can be considered to have been persecuted in the sense intended in the refugee convention.

The International Refugee Convention does not, of course, prohibit nations from offering refugees greater protection at a minimal level. Thus through

its sovereign right as a nation Sweden assigns those coming from socialist countries who request asylum, especially Soviet defectors, a very special status.

The fate of Pakistani religious refugees decided on this week provides a clear basis for comparison. Swedish Minister of Immigration Anita Gradin denied their application for asylum because they could not prove that they had been mistreated or tortured in their native land.

In an international press article on Finland's handling of refugees three agreements are confused into a tangled skein: the international UN Refugee Convention, the Finnish-Soviet Border Peace Agreement and the International Agreement on Returning Criminals.

It is claimed that Finland has not fulfilled the obligations stipulated in the refugee convention on the basis of the two last-named agreements. The Border Peace Agreement is believed to contain an "automatic return clause" on the basis of which political refugees coming from the Soviet Union are turned back at the border without examining them.

On the other hand, it is claimed that the Finns return defectors as "criminals" at the demand of the Soviet Union. When we further add to this the fact that the Soviet Union regards all border crossers as criminals, the vicious cycle is complete.

The texts per se of the agreements do not support claims that there is a discrepancy between Finland's border operations and compliance with the refugee convention.

According to Article 30 of the Border Peace Agreement, only those persons who have unintentionally crossed the border are to be returned as quickly as possible.

From none to three persons a year who have strayed from the Soviet Union to Finland and from 10 to 15 who have strayed from Finland to the Soviet Union are returned on the basis of that paragraph.

Intentional border crossings are dealt with through diplomatic channels on the basis of Article 31 of the agreement.

According to Border Patrol information chief Major Kari Saksela, diplomatic channels does not mean the exclusion of examination of requests for asylum, rather by it is meant the procedure to be followed after a possible request for asylum has been decided on.

Either the applicant's homeland is properly informed of the granting of asylum through diplomatic channels or a return is arranged for. There is, however, no contact with the embassy of the applicant's homeland as a result of the application for asylum.

According to Saksela, the first part of the same paragraph: "to prevent anyone whomsoever from crossing the border illegally through the necessary measures," means normal care of the border, maintenance, communications and patrolling.

A different border peace agreement does not say a word about the extradition of criminals, nor is there any other mutual agreement between Finland and the Soviet Union on the matter.

There are independent international rules governing all nations on the extradition of criminals. According to them, a request for extradition is always decided on in court, where they attempt to determine the reasons for the extradition request.

#### Aircraft Hijackers Handed Over

Requests for extradition of Soviet criminals have not been handled in a Finnish court within the memory of man. In 1977 Finland extradited two aircraft hijackers to the Soviet Union as required by the international anti-aircraft hijacking agreement concluded in The Hague.

It is commonly believed that Finnish border guards are not overly helpful to and do not show them the way when they come across defectors in the wilderness. People suspect that border guards do not transmit requests for asylum to those willing to consider them, instead returning defectors without further ado.

Security Police chief Tiitinen said that they do not force asylum on anyone. "We assume that, if a person crosses the border illegally, he ought to know beforehand what he wants and what he's aiming at," Tiitinen said.

Saksela emphasized that, in order to minimize any possible doubts, the Border Patrol has gotten into the habit of turning all border crossers who are caught, including those who have unintentionally strayed, over to the Security Police for interrogation.

The person who is being questioned may freely relate to the police what he had in mind and any viewpoints he feels to be important. In connection with this a request for political asylum may be presented. No special directives have been issued governing the form the request may take; three words suffice: "I request asylum." Border crossers are questioned through an interpreter.

The transcript of the interrogation is sent to the Interior Ministry, which further requests a statement from the Foreign Affairs Ministry on the applicant's ability to qualify as a refugee.

The Foreign Affairs Ministry statement is in turn based on a preliminary investigation by the so-called Asylum Committee. The committee is composed of representatives of the Foreign Affairs and Interior Ministries, the Border Patrol and the Security Police as well as the commissioner for aliens. The committee determines whether the applicant meets the requirements set by the refugee convention and presents its opinion in the form of a statement.

The Police Division of the Interior Ministry or the minister of interior makes the final decision on the granting of asylum.

There is no obligation to grant someone who is attested to be a refugee asylum, but he may not be sent to a country where he would be persecuted either.

A person who does not meet the criteria for being a refugee may either be returned to his native land or he may be granted a residence permit.

From the applicant's standpoint, refugee status is considerably more advantageous. He has an opportunity to obtain refugee aid, language training and an alien passport. A person who has been granted the right to stay on here may just try to obtain more permanent asylum elsewhere.

Less than 20 requests for asylum a year are made in Finland. Officials do not say which countries the persons who make them come from. So far only one Soviet citizen has received asylum in Finland. And he left our country in a hurry without even waiting to receive his alien passport.

#### Finland's Alien Law

##### Section 12: Refugee

If, when he arrives in this country, or shortly after his arrival in the country, an alien requests asylum and presents plausible reasons for being a refugee in support of his request, he may be granted asylum.

Asylum may also be granted when conditions in the alien's homeland or in the country in which he permanently resides have changed during the time the alien has been here such that there is a justifiable reason for granting asylum.

An alien's well-founded reason for fearing that he will be persecuted in his homeland or in the country in which he permanently resides because of race, religion, nationality, membership in a given social class or political opinion and the fact that he has not received asylum in some other country are to be considered to be plausible reasons for being regarded as a refugee.

When a residence permit is granted a person in need of asylum, an explanation must be appended to the permit that it concerns a refugee in need of asylum (statement of refugee status). The statement of refugee status may also be issued as a separate document.

##### Section 13: Deciding on a Request for Asylum

The Interior Ministry decides on requests for asylum. Before making a decision, it must procure a statement on the case from the Foreign Affairs Ministry. The Interior Ministry issues the recipient of asylum a residence permit either for a stipulated period of time or one in effect with no stipulated time limit.

## Border Peace Agreement

### Article 30

1. Those persons who have unintentionally effected an illegal crossing of the border and have been arrested in the territory of the other party to this agreement must be turned over to the border authority of that party to the agreement from whose territory they have come.

2. The border authorities will determine the procedure for returning persons referred to in Section 1 of this article. At that time parties to this agreement has no right to refuse to take back such persons.

### Article 31

1. The border authorities will take the necessary steps to prevent any persons whomsoever from illegally crossing the border to one side or the other.

2. Questions concerning the return of persons in border crossing cases that are intentional and which the border authorities cannot immediately resolve will be settled through diplomatic channels.

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## SKDL'S HENTILA: SINISALO, KAJANOJA 'SABOTAGE' ELECTION CAMPAIGN

Helsinki HELSINGIN SANOMAT in Finnish 17 Sep 84 pp 3,10

[Commentary by Janne Virkkunen]

[Text] SKDL (Finnish People's Democratic League) first secretary Jorma Hentila says that the Communist split and the negative publicity it has produced are affecting the SKDL election campaign.

In a series of HELSINGIN SANOMAT articles on municipal election issues and situations with reference to the parties, the first secretary of the SKDL named Stalinist head man Taisto Sinisalo and former SKP [Finnish Communist Party] chairman Jouko Kajanoja as influential factors in the election campaign.

"I don't know whether deliberate sabotage is involved, but the real effect of their actions is sabotage of the SKDL election campaign," Hentila said.

The first secretary of the SKDL raised the fight for independent status for the municipalities in opposition to the growing guardianship of the state and the Finance Ministry as his party's chief issue in the election campaign.

Hentila would also like to increase municipal residents' own opportunities for exercising their influence by improving on public information on the preparations [for the elections] and by, for example, giving municipal residents a chance to affect the outcome of the key issues with their votes.

If we take a look at the support curve for the SKDL since, for example, the 1979 parliamentary elections, the trend has been steadily declining; especially if we omit the 1982 elector elections, which went even worse than usual.

SKDL first secretary Jorma Hentila recognized the facts and openly said: "While the party split was still a mobilizing factor in the mid-1970's, now it has the opposite effect."

In Hentila's opinion, the SKDL's special problem has been the fact that the news media have been especially interested in "our internal situation."

"On the other hand, they have covered up the fact that we, more than the other parties, contemplate the future or are at least among the most active of them," Hentila boasted.

But the SKDL cannot escape the internal situation because not even now is the SKDL being spared the squabbles: The Stalinist Communists are appearing on their own tickets and testing their support in a total of 12 municipalities.

Two tickets will produce an almost certain election defeat for the SKDL, especially in the capital district municipalities of Helsinki, Espoo and Vantaa. Election mathematics, of course, presage losses in other two-ticket municipalities too.

At the same time two tickets will also for the first time give us a chance to gauge the real support for the Stalinists among voters.

#### Number of Votes May Be Under 400,000

The decline in mass support for the SKDL is graphically clear from the number of people who have voted the SKDL tickets. There were still over 518,000 of them in the 1979 parliamentary elections. In the 1980 municipal elections the SKDL received over 456,000 votes and in last year's parliamentary elections no more than just under 401,000.

If, and apparently when, the decline in support continues even further, the number of votes for the SKDL will drop to even under 400,000. The low count so far was in the elector elections, in which the SKDL received only 350,000 votes.

The SKDL has announced that it will present about 10,000 candidates in the October municipal elections, which is a couple of thousand less than 4 years ago. There are now about 400 candidates on the separate Stalinist tickets.

#### Tickets Improved

Jorma Hentila explained the drop in the number of candidates as being due to people's being fed up with the situation. In Hentila's opinion, focused on getting votes, the elections of the past decade have led to a situation in which an election victory is no longer the most important consideration, but the internal balance of power on the municipal council committees.

"We are now reaping that harvest. The fact that people are getting away from this approach and that they do not want to be an extension of the mob is in itself a very healthy sign."

In Hentila's opinion, there are some good things too: The percentage of women on the SKDL tickets has increased, in big city municipalities the candidates are younger, there are more white-collar workers than before and, in addition, there are more well-educated people.

The SKDL is trying to retain the level of support it had in last year's parliamentary elections with these candidates. That too would mean election defeats and a drop in support from 16.6 percent to from 13.5 to 14 percent.

## National Government's Hands Off Municipalities

The SKDL has 1,835 councilmen's seats to defend in the municipal elections. The party's strongest support areas are the home districts of diehard communism in the election districts of Kuopio, Oulu and Lapland, in which a good fifth of all voters support it, in Lapland as many as every fourth voter.

The SKDL is defending its positions by raising the issues of municipal self-government and the dangers threatening it. We must get the national government to keep its hands off the municipalities. Without an independent economy there is no independent power, an SKDL election pamphlet concisely puts it.

On the other hand, the government's budget proposal for next year, which is appearing at just the right time for the political debate, a month before elections, this week, affords it an excellent opportunity to propagandize.

In the budget the plan is to cut state aid to the municipalities next year by 600 million markkas.

While the SKDL is defending municipal affairs against the guardian-like grip of the state and the Finance Ministry, Hentila admits that there are problems inside the municipalities too.

"The power of the municipal council has decreased. It has shifted to the committee, which includes officialdom, a certain confidential elite and the big firms and banks associated with them," Hentila said.

In the spirit of the times the SKDL is also keeping environmental issues in the debate. The drain to the Greens is most common precisely among SKDL supporters. Aside from other issues, the SKDL links protection of the cultural environment, on the one hand, and new planning and construction, on the other, with environmental issues.

## Services Must Be Defended

The municipal services, their development and the fight against their reduction have priority in the SKDL election campaign and in its policy. Here the SKDL again sees a connection with national policy and the government's budget proposal.

Like the other parties, the SKDL has not forgotten children, young families, old people, the unemployed, etc.

According to Hentila, the themes that run through the SKDL election campaign are peace, democracy, justice and equality. The figure of the dove on the SKDL election poster represents peace, one of the precious goals of the worker movement. "The municipalities should not be prevented from participating in the peace campaign or from supporting the peace movement," Hentila said.



### Basic Blue-and-White Poster

The slogan on the SKDL election poster: "Today for the good of tomorrow," in Hentila's opinion describes "our way of looking at national affairs."

In his opinion, it is not enough to occupy ourselves with today's issues. "We must realize that future generations will benefit or suffer from the decisions we are now making."

The designers of the concise SKDL election poster came up with a line for people of the world of today. Only the acronym, SKDL, is red on the blue-and-white poster.

In planning the election slogan the politicians won out over the technocrats, who had proposed "Safely into the future" as the text. An extinct watchword was used, among other occasions, at the 20th SKP Congress, as befits a revolutionary party.

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## PARLIAMENTARIANS' MOSCOW VISIT; REPORTED GREEK PROTEST

## Alleged Soviet Distortion

Athens MESIMVRINI in Greek 20 Aug 84 p 1

/Article by Alex Velios/

/Text/ The recent visit to Moscow by Mr Alevras, president of the Chamber of Deputies, resulted in a Greek protest to the Soviet leadership! The reason? Some expedient "alterations" that the Soviets made in the joint communique of the visit, in an insulting way for Greek sovereignty. But the bigger reason for the protest was the outspoken pro-Turkish stance shown by the Soviets vis-a-vis the Greek parliamentary delegation in connection with the Aegean issue.

Characteristic of this were the additions and deletions made by TASS in relaying the text of the communique --and which provoked the protest move by our ambassador in Moscow.

A paragraph of the communique which mentions that "the Greek parliamentarians described the situation prevailing in the Aegean and expressed their concern over the tensions that continue to exist there...." was altogether left out.

(The Soviet side had appeared unwilling to include this paragraph in the communique, frankly stating that it did not want to embarrass "third countries," and stressing only that such problems must be resolved peacefully through dialogue! Finally, it was simply agreed that the relevant paragraph that had appeared in the communique of the past visit to Athens by Tikhonov would be included in the present communique, but it seems that that too was too much for TASS.)

On the issue of disarmament, an issue so dear to the Soviets, the agreed upon text of the communique referred to attempts by all countries to prevent a nuclear disaster. The Soviets published the relevant passage adding the phrase, ".....and all peace movements." In this way, they made it appear that the parliamentary delegation of a western nation supported the Moscow-led peace movements in West Europe. In other words, the visit was used as a propaganda "card" for Soviet aims.

Finally, in the paragraph concerning Cyprus, the Soviets did not limit themselves to the agreed upon expressions of concern by the two parties over the worsening situation in Cyprus. TASS extended this concern "to the surrounding region" --thus making it appear that the Greek side by default shares the Soviet approach to the Middle East region.

This unacceptable --and perhaps amazing-- diplomatic tactic provoked a protest by the Greek ambassador to the Soviet Ministry of Foreign Affairs and to the Supreme Soviet. This is the first time that such a blot has appeared in the so far idyllic relations prevailing between the PASOK government and the Kremlin.

It can be understood how the president of the Chamber of Deputies did not neglect informing Prime Minister Papandreou in Kerkyra on what transpired in Moscow --as well as the stance of the Soviets on the national Aegean issue. We perhaps have here an up to now unknown parameter of the "centrist turn" being prepared by Mr Papandreou....

#### Greek Dissatisfaction Officially Denied

Athens ETHNOS in Greek 21 Aug 84 p 7

/Text/ As a result of a front-page article titled "Protest in Moscow" that appeared in a government opposition newspaper, the government spokesman announced yesterday that our country has not taken any step against the Soviet Union following the visit of Giannis Alevras, president of the Chamber of Deputies, to Moscow.

According to the newspaper, the step was taken because of the "outspoken pro-Turkish stance shown by the Soviets vis-a-vis the Greek parliamentary delegation in connection with the Aegean issue."

The same newspaper maintained that the following sentence was completely left out of the communique:

"The Greek parliamentarians described the situation and expressed their concern over the tensions that continue to exist there."

Yesterday, the government spokesman said the following to reporters:

"First of all, no step was taken. The article perhaps serves certain circles that are becoming indignant over the good relations we have with the Soviet Union and who do not want us to have such good relations.

"The visit of the president of the Chamber of Deputies to Moscow had excellent results and contributed positively to the relations of the two countries that are going through a period during which we have begun a series of major economic exchanges.

"I also refer you to the statements made by Mr Vaitzos on aluminum, hotels and exports and imports."

According to information, the government judges that with respect to the Cyprus issue the communique that was issued in Moscow it is the very first time ever that the Soviet Union makes any references to Turkish occupation forces in Cyprus.

As for the other matters, each side sought to promote its own positions.

At any rate, the general communique that was issued was judged to be positive and the Alevras trip successful.

The government sees in the Soviet Union's position vis-a-vis our country more positive progress.

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CSO: 3521/344

## COMMENTS ON RECENT EVENTS IN TRADE UNION MOVEMENT

## GSEE's 'Left,' 'Right' Wings

Athens TO VIMA in Greek 21 Aug 84 p 11

/Article by Vasilis Tzannetakis; passages in slantlines printed in boldface/

/Text/ /In the past 10 days the course, activities and role of the trade union movement, as this is being expressed in across-the-board cooperation (PASKE /Panhellenic Militant Workers Trade Union Movement/, EKAK-S /United Antidictatorial Labor Movement-Socialist/, AEM /Antidictatorial Labor Front/) on the GSEE /Greek General Confederation of Labor/ level, has been the epicenter of political interest./

The reason for the upsurge in interest in trade unionism must be found in the fact that /two of the three parties/ that participate in the GSEE administration /PASOK and KKE/ are seeking --or are even at the stage of revising-- their tactics and line in the trade union movement./ This is so because views have become apparent according to which /both parties have suffered damage/ --or will suffer damage in the immediate future-- /from their cooperation/ in the GSEE.

For PASOK, this damage relates to its inability to control the militant course of the movement, whereas for the KKE it is a result of its cooperation with PASOK in the GSEE.

Since, however, the overall issue of across-the-board cooperation is a purely political one, any decision made is not limited to the trade union level but takes into account the political events and goals the two parties have and make.

At the recent PASOK Central Committee assembly tendencies had been manifested and views expressed according to which the "line" on cooperation with the KKE in the GSEE must be reexamined on the pretext that this cooperation /has not paid off/ and that /it has created more problems/ than it had sought to resolve (for example, limitation or even fundamental control over strike demonstrations).

Criticism over PASOK's trade union policy up to now has come from two points, both diametrically opposed in nature:

There is /the "rightist" view/ according to which cooperation with the KKE in the GSEE "is driving away" conservative workers and is creating the impression of a "popular front" that is not to the interest of the government in its endeavor to politically capture the centrist area.

On the other hand, there is the "leftist" position that maintains that cooperation with the KKE weakens the leftist nature of PASOK, leaves initiative to ESAK-S to promote itself as "a genuine spokesman" of the workers and "harasses" PASOK trade unionists at the grassroots level, exactly where the KKE pressure is felt without there being any great margins for opposition because of the "top leadership alliances."

These "leftist" positions, despite the fact that they have been expressed by trade unionists who are in the GSEE administration, were essentially condemned unanimously at the plenum of the GSEE administration that was held Wednesday where it approved a decision in which "the attacks on GSEE and its elected officials" were condemned. The decision also attributed these "attacks" on "reactionary forces." Typically, of course, this phraseology constituted an answer to "proposals" by American elements for restructuring the GSEE administration with the withdrawal of ESAK-S, but fortuitously these "proposals" chronologically coincided with similar references that were made in the PASOK Central Committee and also with "observations" made by SEV /Association of Greek Industrialists/ which ascertained that understanding with the GSEE was being made impossible, attributed directly to ESAK-S participation in the GSEE administration.

It is obvious that this chronological coincidence in "proposals" by "reactionary forces" and in certain discussions and observations made by the PASOK Central Committee contributes to the prolongation of across-the-board cooperation, no matter how much problems are being objectively faced and how many objections raised by PASOK trade union cadres over the decision made by the PASOK executive office. (PASKE-ESAK-S cooperation in GSEE was made through a political decision of the executive office which is also concerned with maintaining this cooperation by controlling to a considerable extent the representation of PASKE in the GSEE.)

Of course, PASOK critics of across-the-board cooperation in the GSEE bring up the factor that the government has not gained very much with ESAK-S participation in the confederation's administration, basing this view only on strikes. With this interpretation in mind, certainly the benefits of the government have ranged from small to non-existent because, despite contrary complaints by the KKE (Int.), 1984 is being characterized by a rise and spread of labor conflicts despite the active participation of ESAK-S in the GSEE administration. Certain government circles had seen this cooperation as a "guarantee" for "social peace" but since these "hopes" have not materialized the subject of reorienting PASOK's trade union line has come to the forefront as if the problems could be resolved through the revamping of GSEE's administration and through the cut-off of across-the-board cooperation on all levels.

/To the contrary, the problem could be aggravated/ once the forces of the leftist opposition would feel free from the irresolution they might presently have over the expediency of "frontal confrontation" with the government, their goal being not, of course, the overthrow of the government but the exercise of pressures for a policy of "genuine change."

Moreover, it has been shown over the past few decades that it is not enough for a government to control the GSEE to control the broader trade union movement. With this fact in mind, skepticism that is growing with regard to GSEE's composition and orientation is more theoretical than real because the disposition of the workers is not dependent on the type and quality of direction (GSEE) but on the problems and political expediency and goals of those forces that influence the trade union movement.

Thus, the refusal by ESAK-S to sign the National Collective Labor Agreement --which the majority of PASKE agreed to-- fired up opposition to cooperation with the basic argument being that the objections by ESAK-S over the agreement and over income policy more generally speaking show that /across-the-board cooperation does not protect the government from strike actions the control of which was supposed to have been the basic purpose for cooperation./

This matter was almost immediately noted by the Ministry of Labor which was the recipient --and also the "fireman"-- of the ESAK-S opposition in connection with income policy and which had asked from high government and party levels a "clearing up" of the situation once the guarantees that seem to have been given for relative "social peace" did not live up to what the ministry had hoped.

/The attacks by the Ministry of Labor against the KKE in connection with strikes/ are well known. Such attacks were unleashed both in the Chamber of Deputies as well as during "bureaucratic" proceedings undertaken by the ministry to settle labor disputes.

ESAK-S' differences of opinion on the issue of the 1984 income policy is a fact that brought about much turmoil in across-the-board cooperation in GSEE, up to the point, in fact, where GSEE officials, who had been protagonists and supporters of cooperation, placed the issue squarely before ESAK-S and asked for "discipline" in decisions made by the majority --that is PASKE-- because otherwise cooperation cannot move forward when a minority (ESAK-S) does not accept the view of the majority.

The issue of the majority-minority relationship will undoubtedly come up again in 2-3 months when the 1985 income policy will be announced. Many observers anticipate that this policy will not be especially "satisfactory" to the workers. Perhaps the raising of the problem by the PASOK Central Committee will anticipate that ESAK-S will react at which time its being confronted must be made on a political basis rather than on a trade union one.

In other words, by informing the workers on problems of the economy and the government's long-term policy, the goal being to have the workers see beyond their "money" demands and to have them see the broader and more responsible view of issues.

#### Foreign Interventions Split Unity

Athens RIZOSPASTIS in Greek 22 Aug 84 p 1

/Editorial: "On the Chessboard of Rupture"/

/Text/ Reports are continuing to be published by various sides that directly and indirectly attack GSEE's representative organs, and more specifically the equal participation of communists in these organs. In this way they are showing us that

they are not for a moment stopping the moves on the chessboard of rupture and undermining of every positive development in the trade union movement.

...Objective observers or ...special analysts are asking each other who is being served by the new situation that has developed in GSEE. Of course, they forget the working class and its problems. The smartest among them understand that it would be really stupid to maintain that this situation is harming the workers. For that reason they see to it that they direct their "questions" to the PASOK leadership, at the same time making a veritable serial novel of the discussions that were held at the latest PASOK Central Committee assembly over cooperation in the GSEE. Others coarsely and provocatively and other more "moderately"... warn the leadership of the governing party that "their hopes for the securing of labor peace (!) have been shattered," that "this situation benefits only the KKE," that it is time that "it reorient its trade movement line," and even that it cut off at all levels "across-the board cooperation."

At the same time, with such published reports the bearers of these anti-unity tendencies are methodically aggravating existing differences in the trade union movement not, of course, to aid in their solution but to develop them as a lever for pressuring in the direction they want.

Of course, the workers do not escape noticing the fact that all of these attacks have increased after the provovative intervention by the foreign factor and the most shameless visits by American agents in our country. The workers also do not escape noticing the fact that protagonists of the serial novel have been protected by the two partners of the atypical --today-- ASDIS /Non-Aligned Democratic Trade Union Coalition/ who insisntently and monotonously yell: Drive the communists out of GSEE.

Moreover, no one can overlook the most important thing. Namely, that the attacks are being unleashed at a time when the trade union movement is being faced with complex duties. At a time when the critical problems occupy the working class, problems which the GSEE leadership is obliged and bound by the decisions of its 22nd congress to press on without deferments and indecisions of the past.

They are the economic problems, the income policy that is already being discussed in government echelons, the ATA /Automatic Cost of Living Readjustment/ that has become the target of attacks by industrialists, collective agreements that are in abeyance... and close to all of this the intransigence and the "no" of employers. At its last assembly the GSEE had decided to hold special sessions on these issues in September and to set goals within the context of its congress that clearly speak of another kind of economic policy.

They are the problems of unemployment and the whole mass of GSEE proposals for relief for the unemployed and for a way out of the economic crisis.

They are the attacks on the stuggles of the workers, the unacceptable statements by the minister of labor, the implementation of Article 4 and the mobilization of the most anti-labor provisions of Law 3239/55.



It is the top-ranking problem of democratization that so long as it is not being advanced the adulteration of the correlation of forces in the trade union movement will continue. The provocation by labor exploiters through the convening of pseudo-congresses, such as the one held in Naoussa last Sunday, will also continue.

The negative choices made by the government in connection with the above issues and a whole series of legal measures, the delays and the hostile confrontation of the workers' struggles all fire up speculation and attacks by reactionary forces.

The aim of the workers is a resolution to their serious problems and satisfaction of their demands that constitute long-term common goals of democratic trade unionist forces and that decide to a great extent the course of change. Certainly, a duty and obligation of the GSEE leadership is to direct all of its activity toward these goals. This will also be the best answer to the intrigues of the Americans in the plans of the opposition and in the nostalgia of the abnormal past. It will also put back into their places those who consciously or unconsciously facilitate splintering intervention.

5671

CSO: 3521/344

## POSITIVE, NEGATIVE COMMENTS ON MITSOTAKIS' ELECTION

## Pre-Electoral Poll Favors Mitsotakis

Athens MESIMVRINI in Greek 31 Aug 84 p 3

[Article by Nina Goudeli]

[Text] The MESIMVRINI publishes today an unprecedented poll which, if nothing else, has all the guarantees of authenticity as a "sample," because it is totally random. The freelance reporter Nina Goudeli thought of picking out names from 2 pages of the telephone directory. She selected the last 3 numbers from 2 1,000 drachma banknotes. Those figures were 213 and 948. She opened the telephone directory at page 313 [as published] and 948 and began calling the numbers one by one, which started with the names Asprakis Nik. and Kaloumenos Stef. ending with the names of Aspros Dim. and Kalofonos Geor.

The question she asked all those who came to the telephone was:

"Which of the 2 candidates for the leadership of the New Democracy do you consider to be more suitable?"

Out of the 600 telephone numbers on the 2 pages, she contacted 251 subscribers, 175 of whom were willing to answer. The remaining 76 were unwilling to express an opinion. It is clear, however, that those 175 belong to all the geographical areas of Athens and Piraeus, work at a variety of jobs and belong to various age groups of both sexes and to all the political factions.

This poll took place last Tuesday and Wednesday and gives only an "idea" of the inclinations of ordinary people, without having any further significance, since the 111 New Democracy deputies who will elect their leader tomorrow are (the most suitable) instruments and expression of their voters' inclinations.

For And Against

From the answers it can be inferred that:

. Among those who declared themselves to be followers of the New Democracy 28.57% favor Mitsotakis and 16.43% Stefanopoulos.

. Among the followers of other parties 7.14% favor Mitsotakis and 22.14% Stefanopoulos.

Among those who refused to discuss their political allegiance, 13.57% favor Mitsotakis and 12.14% Stefanopoulos.

. 30.28% refused to answer or did not know those persons.

. 6.36% answered: "Neither one."

. 4.38% want: "Either one."

. Despite the fact that the question was either Mitsotakis or Stefanopoulos some expressed a preference for Averof, Rallis, Boutos and newcomers.

TABLE (1) With The Entire Sample

	ND Followers	Other Parties	Refused To Answer
Mitsotakis	15.94% (40)	3.98% (10)	7.57% (19)
Stefanopoulos	9.16% (23)	12.35% (31)	6.77% (17)
Boutos	0.4% (1)	0	0
Rallis	0	0.4% (1)	0.4% (1)
Out of Parliament	0.4% (1)	0	0.8% (2)
Whoever	0.8% (2)	0	3.59% (9)
Neither	0	0.8% (2)	5.58% (14)

Refused to Answer - Do Not Know: 30.28% (76)

TABLE (2) With Answers That Specify a Preference Between The 2

	ND Followers	Other Parties	Refused To Answer
Mitsotakis	28.57%	7.14%	13.57%
Stefanopoulos	16.43%	22.14%	12.14%

#### Karamanlis Neutrality Favored Mitsotakis

Athens MESIMVRINI in Greek 3 Sep 84 p 4

[Article by Christos Pasalaris]

[Text] This is not the time to discuss the prehistory and what went behind the scenes in connection with Averof's resignation which led to a change of leadership in the New Democracy. The diaries of the protagonists and of secondary

contenders are full of sensational entries on this succession and some day they will become memoirs and constitute very valuable political documents.

But Mitsotakis' election as leader of the party, with this unexpected by many majority of 70 to 41 (as was shown accurately by the MESIMVRINI poll last Friday) is the "indicative" event of 1 September, a very joyful one for the liberal, democratic world and very upsetting for the Marxist one whose leader, precisely on that same day, at precisely the same hour was arriving in Thessaloniki to inaugurate the international exhibition and present...his humble apologies to private enterprise! To launch last night an unprecedented attack against Mitsotakis and the deputies who elected him.

Mitsotakis' election, with its unanimous and sincere acceptance by the minority of the party, now arrives to change radically the nation's political scene and also short term prospects for developments.

#### Karamanlis

The first spontaneous reaction of the Press to the "change", following the 70 to 41, were expressed by the words "numbness," "amazement," "surprise," and "unaccountably large difference." As also by that miserable and rather snide declaration of the government spokesman that: "Every party chooses the leader that best shows what it is," which unfortunately did not immediately receive the appropriate reply. And it culminated in Andreas' unexpected attack yesterday afternoon.

After that first reaction of "surprise," however, a wretched series of grey propaganda is being hatched posthaste, undoubtedly originating from the dark dens of Zalokosta Street and expressing itself in outrageous and clearly insulting headlines for the head of state, such as: "Severe Karamanlis Defeat," "Karamanlism Snuffed Out," "The End of Karamanlis," and other similar and far worse ones.

The explanation is very simple: the grey people of Andreas' propaganda staff fear that Mitsotakis is the man who could untie Karamanlis' hands faster and more efficiently than anybody else, if and when the regulator of politics discovers that the nation is in danger of falling into Marxist totalitarianism under a possible Marxist front.

And thus one might say, in a paradoxical interpretation of his stance during the Mitsotakis-Stefanopoulos confrontation, that by the strict and undoubted impartiality he maintained he rather "favored" Mitsotakis (the only candidate, besides, to whom he gave an audience) since the rumor had been circulating for some time that he did not want him as the leader of the New Democracy.

And if their meeting, a few days before the election, had the result that all small details have when they lead to important events, then indeed the great stage managers' "scenarios" have been upset and the Avgerinoses of the PASOK will be obliged to devise a new party line.

#### Two Roads

The worst part is that the New Democracy definitely overcame its own crisis in an unexpectedly favorable manner and the PASOK is beginning to shake with the first

tremors that precede an earthquake. And its weak point is not the person of its leader (he is taken for granted just like "junior," his heir) but the fundamental choice of its ultimate aim: will it opt for single party socialism, in which case it will be irremediably and definitely dissolved, or will it move in the direction of a traditional socialist republic, in which case it will simply become fragmented?

Which of those 2 [options] will the Avegrinoses chose: gangrene and death from blood poisoning or the amputation of the leg?

In a month from today, on the first Monday of October, Parliament will reconvene. A great deal will have happened meanwhile. The New Democracy will be ready for the fights between factions (no longer braced for a war of resistance). And the PASOK will have cast its die for an immediate election or for exhausting its 4-year term, come what may...

#### Election Seen Endangering Political Climate

Athens ELEVTHEROTYPIA in Greek 2 Sep 84 p 20

[Article by Panos Loukakos]

[Text] Since noon yesterday Mr. Constantine Mitsotakis is the new leader for a term of the New Democracy. Despite the festive character of yesterday's election, despite the declarations and counterdeclarations of the 2 candidates and their supporters, one thing is certain:

Neither yesterday did the New Democracy solve definitely the leadership problems which have plagued it since Mr. K. Karamanlis decided to leave his party and go on to become president of the republic.

Yesterday nothing more and nothing less took place than what happened on 8 May 1980 when Mr. G. Rallis was elected leader of the New Democracy with 84 votes against 80 votes for Mr. Averof. And starting from 9 May Mr. Averof, who never accepted psychologically the preponderance of the new leader, began to systematically undermine him.

Yesterday nothing more and nothing less took place than what happened on 8 December 1981, when Mr. E. Averof was elected leader of the New Democracy with 67 votes against 32 votes for Mr. Stefanopoulos and 12 votes for Mr. Boutos. By 9 December all his potential heirs were undermining and casting doubt on Mr. Averof, even those who had voted for him the day before.

Today personalities are different but the situation remains steadily unchanged. Instead of Mr. Rallis, Mr. Stefanopoulos, instead of Mr. Averof, Mr. Mitsotakis. The stage, however, remains the same as it has been proven one more time that:

The New Democracy as parliamentary bloc - the 111 deputies which constitute it - is not capable of electing an unquestionable and durable party leader. And this for the following reasons:

. The composition of the ND parliamentary group is a motley one, since it consists

of deputies which range from the extreme right as far as the center.

. Each alliance that is formed to support each candidate does not stem from an ideological or political basis. It stems from personal ambition, individual motives, all sorts of deals and promises and always, of course, the fear of the slate.

. Within the New Democracy today the outstanding political personality that would be accepted by friends and respected by enemies continues to be absent.

For all those reasons yesterday's confrontation leads nowhere but to a new period of transition for the New Democracy.

It is easy to forecast the precise duration in time of this period of transition:

Until the next electoral confrontation.

According to all the signs, the results of the euro-elections and the various surveys that are carried out from time to time, the PASOK will be once again the first party. Not with the 1981 ratio, not with the difference there was at the time with the New Democracy. But it will be the first party.

And thus the announcement of the election results will constitute the beginning of the countdown for yesterday's new leader. As the announcement of the euro-election results was the beginning of the end for Mr. Averof. And just as the electoral defeat of 1981 spelled the end of Mr. Rallis.

It is clear therefore that only an electoral victory can give the New Democracy an unquestionable leader. But such a victory is not looming on the horizon yet. It does not loom not only because the PASOK maintains most of its strength. But also because the New Democracy is not in a position to attract the marginal and wavering voters who move on the fringes of parties and usually give victories in elections. In 1974 and 1978 Mr. Karamanlis had them. The New Democracy leader does not appear capable of inspiring such a shift. And this for a very simple reason:

The New Democracy of today has no ideology. It has no policy. It does not follow a steady course. It does not have principles.

With every passing day it is turning into some sort of "anti-PASOK" clique. Its political message stops with the slogan "A change from the change." Without taking the trouble to specify what this famous "change" will be precisely and with what program it will replace today's order of things.

This is where the essence of the problem lies and not in the person of the leaders who come and go.

Mr. G. Rallis as one of the most democratic Greek premiers in all probability would have made a very successful leader of the opposition.

Mr. Averof who found himself in that position for 3 years also carried out his duties responsibly in spite of some of his verbal explosions. But this was not

enough. And it was not enough because one individual, no matter how capable, cannot substitute for a whole party that is apathetic and whose leading members undermine each other.

None of this would present any special, more general interest if it concerned only internal reshufflings in a party. But such is not the case. Developments in the New Democracy reflect on the entire spectrum of the nation's political life. The aspect and ethos of political confrontation depends to a large extent on those developments. The normal evolution of democracy largely depends on them. And at this point one cannot avoid some disagreeable predictions:

. Without a program, without an ideology, without breadth in its political message, the New Democracy is liable to worsen the political situation and lower the level of the political dialogue, not because this will be necessary but because it will be the only way for its new leader to establish himself for a time. Mr. Averof played this sort of game to a certain extent in the last months before the euro-elections and he lost. It is very likely that his present successor will move more systematically in that direction. At least this is the spirit of the mandate for a term he received yesterday.

Consequently internal developments in the New Democracy constitute a danger for all. And the government should be especially aware of this since it must now shoulder the main burden of maintaining the political ethos at a minimal level.

ND Expected to Turn to Right

Athens TO VIMA in Greek 2 Sep 84 p 3

[Article by Kh. K. Vouvourelis]

[Text] The pre-election year began yesterday with the election of the new leader of the official opposition.

With the election of Mr. Constantine Mitsotakis - who was designated as the leader of the party with a majority of over 3/5 and almost 2/3 with 70 votes out of 111 - a direct "hardening" in the stance of the official opposition should be logically expected as well as an attempt to confront the premier personally.

On the eve of the election the most serious and reliable paper among those that are on the side of the New Democracy described him as the choice of the most conservative elements of his party but as became apparent from the votes one must either conclude that an overwhelming majority of those deputies is made up of the most conservative elements or that during this election of a leader it was not a matter of motives, if there are any, but of personal considerations.

One might say that the official opposition was looking for someone who could "stand up" to the charismatic premier without feeling any higher obligation to maintain a climate of moderation and, undoubtedly, without any wish to participate in cooperative undertakings.

It would not be pointless, for historical reasons but also because there lies the root of all that could happen within the New Democracy after the election of the

new leader, to record some of the rumors that circulated among the supporters of the 2 rivals up until late Friday night.

All those who had decided to support Mr. Mitsotakis were the most talkative: they were justifying their adhesion as the consequence of the need to free the party from the strong influence of its founder so that it could go its own way with, as they said, a leader and not a "supervisor", without oppressive limitations from the partisans of a "progressive" (their own words) course in a moderate climate, such as the one set by Mr. G. Rallis after Mr. K. Karamanlis' rise to the presidency.

They also claimed that Mr. Mitsotakis was right in counting on the votes of Averof's followers because he at least had proved faithful and loyal to Mr. Averof up to the time the former leader of the ND let it be known that he had decided to withdraw, failing to mention, naturally, that this was the only way - if he wanted the succession - for Mr. Mitsotakis to reach the finals.

Those who had openly declared themselves in favor of Mr. Stefanopoulos, fewer of course and displaying less confidence, justified their position negatively: with the fear of the excesses Mr. Mitsotakis might provoke, which cannot have appealed of course to the so called centrists, and also with the reminder that Mr. Mitsotakis is still a "foreign body" in the conservative faction.

All this belongs now to the past however, is over and done with. But these are the questions that preoccupy public opinion today after the election:

. What will Mr. Mitsotakis do as the leader of the New Democracy? What course will he follow inside the party and out of it, in parliament, from the gallery where the opposition sits, in the street (the "toughest" of his early adherents who were former Averof followers were elated by the election in the belief that "their hands would be untied")?

. What will the losers do who were supposed to present themselves as moderate and progressive? Will they submit or will they break away? A third possibility of silent or whispered disagreement and undermining does not appear to be likely.

As far as Mr. Mitsotakis is concerned, it is best to wait for a direct and sensational move meant to convey the impression that the initiative belongs to the official opposition under its new and "dynamic" leader. Something of the sort would be to ask in an impressive manner for elections within the year, for instance. The Cyprus question, in its upcoming most critical phase, could be the pretext as also the purchase of the century. 2 national issues which the leader of the official opposition might claim should not be handled by the PASOK government in a pre-election period.

Mathematical brains in the opposition might "juggle" with the 1981 registration figures to "prove" that the results of the euro-elections - if calculated according to the electoral system still in force - took away from the government its autonomous majority in parliament.

This columnist would not be surprised if the new leader of the New Democracy rejects the inheritance of the faction to which he adhered, of interventionism in



in the economy, in the policy of nationalization initiated after the political change, and openly falls in with views bordering on Reagano-Thatcherian neo-liberalism, suitably adapted to us.

It is hard to believe that he will be content to wait for "the PASOK to fall because of its own mistakes" as many who did not vote for him, but also many of those who elected him, have come to believe is inevitable.

All, those who elected him as well as those who did not want him, are convinced that he will attempt to bring matters to a head, immediately proceed to a direct confrontation with the premier from the gallery [of the opposition].

However, nothing excludes the possibility that Mr. C. Mitsotakis might emerge as a totally different leader from the one "hard core" partisans of the ND hope for and who is dreaded by those who believe that the time for a much needed broader agreement is drawing near. The loyalty he showed to his predecessor creates the impression that this impatient man has learned to wait.

But the limits of his wait do not go beyond the upcoming elections. Elections during which he will have to pose the dilemma: "Either him or me." Except that the dilemma will not be posed to those who are already inimical to his opponent, the followers of the New Democracy, nor of course to those who are legally established to the left of the spectrum. It will be posed to those who came to the PASOK in 1981 and did not leave it in the direction of the Right during the euro-elections.

It will be posed to those who are erroneously called "centrists" because they simply lack a dogma and are moderate. How, indeed, will he convince those when in the euro-elections, as the heir apparent, he was unable to convince his countrymen?

12278

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## COALITION PARTNERS AGREE ON RENEWED AUSTERITY POLICY

Copenhagen INFORMATION in Danish 11 Sep 84 p 11

[Text] Reykjavik, 9 Sep (RB)--Economic austerity measures will be used in Iceland to maintain the results that have been achieved in fighting inflation.

The extensive economic reforms that Iceland's Prime Minister, Steingrimur Hermannsson, announced in Reykjavik over the weekend were not greeted with enthusiasm by the opposition parties which called the new plans the party chairman's "house of cards" or "a little mouse."

The new economic plans are part of a new revised government agreement between the two nonsocialist coalition parties, the liberal Progressive Party and the conservative Independence Party. The formation of a new government agreement between coalition parties in the middle of an election period is not unique in Icelandic politics although it is a little unusual.

The Independence Party insisted on reaching a new agreement in order to preserve the results that have been achieved in fighting the once gigantic inflation which was over 130 percent a year when the government came to power.

The government's economic reforms will be implemented in next year's budget.

## Elimination of Income Tax

Among other things the government intends to eliminate income taxes in three phases and the first phase will go into effect as early as the next tax year. A complex system of public investment funds will be abolished and instead three funds will be established for agriculture, fishing and industry. And a special development company will be set up that is owned by the state, banks, business firms and private individuals.

The new development company will supplement the innovation in the private business sector that in the future will make Iceland less dependent on the traditional fishing industry. The development company will not be run by politicians, according to Independence Party chairman Thorsteinn Pálsson.

The government parties also intend to change the administration laws so that the position of private individuals is strengthened when they are dealing with the public sector. In connection with this the idea is to reduce the number of official regulations and at the same time simplify them.

The framework around the economic reforms will come in next year's budget and that is where the opposition has found a sore point. Iceland has a negative trade balance of more than 2 billion Icelandic kroner, roughly 700 million Danish kroner.

The foreign debt is equal to 64 percent of the country's gross national product and banks have about 5.5 billion Icelandic kroner (around 1.8 billion Danish kroner) in outstanding debts in the commercial sector. In addition the debt of financial institutions in the National Bank is as large as the negative trade balance.

#### Public Cuts

The budget proposal assumes that the foreign debt will not exceed 61 percent of gross national product. Here however the state will step in with strict controls and cuts in the public sector. Going over budget appropriations will not be accepted and the intention is that the treasury will operate without a deficit by 1985.

The intention is to bring inflation down to 10 percent by the end of 1985 through strict control of the money supply.

The exchange rate of the Icelandic krone will not be lowered more than 5 percent at most in 1985 and wage increases must be limited so that they do not exceed 5 percent next year.

So far there has been no reaction from wage-earner organizations, but in the past wage earners have had to make the biggest sacrifices in fighting inflation in the form of lower real wages.

6578

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PS REPORTEDLY SUFFERING MORE WEAR AND TEAR THAN PSD

Lisbon SEMANARIO in Portuguese 11 Aug 84 p 2

[Article by Marcelo Rebelo de Sousa]

[Text] Once again, the exclusive NORMA-SEMANARIO poll shows a tendency among voters that has been expressed almost constantly in all the similar public opinion polls published by this newspaper since November 1983: the opposition parties in Parliament are improving slightly or holding on to the percentages they had on 25 April 1983, the parties in the coalition are losing strength, the Socialist Party [PS] is the coalition party suffering the greatest losses in terms of voting intentions, and significant numbers of voters say they will abstain or do not know how they will vote.

For our starting point today, let us take only the standing attributed by the polls to the Social Democratic Party [PSD].

That standing has fluctuated over the past 9 months, with the PSD occupying either first or second place in the average for the six cities covered by the fieldwork: Lisbon, Porto, Coimbra, Evora, Vila Real, and Viseu.

But beyond that natural fluctuation, a few relatively stable facts deserve to be emphasized:

1. Throughout the period under consideration, the PSD has experienced a much less sizable decline than the PS has.
2. In absolute terms, the PSD's decline has also been small as far as the average for the six cities is concerned, although it is sometimes considerable in one or more of them.
3. The same trend is noted by social class and age group.

What we see, then, is that disregarding the well-known fallibility of electoral polls and the debate over sampling or methodology, the data collected confirm that PSD voters are manifestly stable, that those voters are less sensitive to the erosion that comes from being in power, and that their relative constancy contrasts with the substantial change among PS voters.

Of course, these conclusions are provisional, they may be contradicted by future polls, and they show only one side of reality--the other side being the electoral significance of the PCP and the CDS [Social Democratic Center Party], both of which are slowly capitalizing on the discontent with the coalition parties that arises from their exercise of power.

But even though provisional and incomplete, the conclusions summarized here reveal that the PSD is showing no signs of loss or disintegration among its voters. This refutes many theoretical musings to the effect that the party is in danger in the long run and threatened by its lack of a definite program or strategy and its position as a "hinge" party practically since the day it was founded. What is the main reason for this constancy in voting intentions, which is sparing the PSD the effects of being in power while those effects are being felt so strikingly by the PS?

We are inclined to emphasize three basic reasons, two of them concerning the PSD itself and the other having to do with the PS:

1. The peculiar nature of the PSD, which is a hybrid kind of party with voters and members from whom it derives a rank-and-file dynamic that is nonelectoral or extraelectoral, an extremely pragmatic "front" ideology, and a partisan clubbiness that is not weakened in times of internal crisis, but rather is heightened in the most difficult circumstances. This explains why the PSD is able to get through very complex critical periods involving splits, changes in coalitions, and quarrels over leadership with no appreciably negative effects on its performance in elections or electoral polls.
2. In the case under discussion--as also in the past, for that matter--the result of this feature of the PSD is that it always winds up in the government and the opposition at the same time. The PSD has spent more time in Portuguese governments since 1976 than any other party. In theory, this would imply that it has been the party most responsible for the way governments have turned out, but it is also the most critical, forceful, and even aggressive party in opposition to the governments in which it has participated. In 1981 and 1982, it had the lion's share in the AD [Democratic Alliance] governments, but within it there was systematic and courageous internal opposition. In 1983 and 1984, it has simultaneously included not only believers in the centrist bloc but also that formula's tactical supporters, tactical adversaries, and strategic opponents. And a party that is simultaneously in the government and in the opposition winds up holding constantly within itself the alternative to its option to participate in the government, restricts the political space occupied by the opposition closest to it, and winds up presenting not the image of the rulers of the moment but that of a multifaceted reality capable of surmounting the difficult situations arising from temporary changes of fortune.
3. Despite the strategic difficulties imposed on the PSD by the centrist bloc, the PS has been having disastrous results in defining and carrying out its strategy with respect to the government. For over a year, the PS has not had any strategy of its own which has not led back to Mario Soares' presidential strategy, and since he is basing that presidential strategy on the government in which he is prime minister, the PS has only one strategy for government. And

as long as the PSD as a party remains subtly aloof from the government, with the PS bearing the full brunt of its odiousness and the government's talk being verbally very remote from the typical yearnings of socialist voters, it is the Socialists who wind up paying the highest price for being in the coalition.

In theory, things should be the other way around: coalition ought to be more damaging to the smaller party because of its strategy of trailing along after the larger party.

In practice, the existence of strong opposition to the government within the PSD--and one that remains aloof from the cabinet--and a strategic void within the PS are reducing the cost to the PSD and increasing it for the Socialists.

But there is a drawback to everything. And the big drawback to this enviable position of the PSD is that it has resulted in a phenomenon that may be dangerous if it is not checked.

That phenomenon is the clear concentration by Eanism (and neo-Eanism) on the electoral area that until now has gotten its bearings from the PSD.

When the promoters of the Eanist movement begin to hold forth about their being located within that area, they reveal an acute perception of reality.

It is in that area that the result of the presidential election in 1985 is going to be decisively fought out. It is in that area that an alternative solution to the current government can (and must) be produced.

From 1977 to 1981, on the other hand, the major obstacle to the takeoff of all the political projects--front, party, movement, or federation--that were viewed as worthy of support by Gen Antonio Ramalho Eanes always resided in the PSD. It can be said that since 1981, for reasons also linked to his own desire to become president, Mario Soares has played an important role in that confrontation.

But in the recent past and the present as well, attempts to organize Eanism have always run up against the PSD's resistance--even when, tactically, those attempts have won objective support or agreement in socialist or centrist minorities.

The opposite [of what the Eanists claim] is true. As far back as 1979, the PSD chose General Eanes and the PCP's tactical "collage" as its chief enemies. It was true in 1979, when General Eanes belittled the formation of the AD. It was true in 1980, when Francisco Sa Carneiro's government and the AD were involved in constant quarrels with President of the Republic--and later presidential candidate--Antonio Ramalho Eanes. It was true in 1981 and 1982, when Pinto Balsemao himself chose the PCP and General Eanes as his chief enemies in the strategic motion submitted to the congress in Porto. And it has certainly also been true, although less markedly, during the current party leader's two terms of office.

Considering those lessons from history, which show that it is essential for a new "Eanist" party to win over the PSD's voters and crucial to the PSD not to lose them, it is easy to understand what is happening.

Instead of violent conquest, the new Eanist movement is trying seduction. It is being more prudent, more subtle, and more sophisticated.

How will the Social Democrats react to this "charm" campaign which, in its own time, will call for faith in the choice by the PSD of a presidential candidate of the "new Eanes" type? That is a good question for the coming 6 months--a question that suggests a few interesting lines of thought.

The siren song is finished. It is important to know how those targeted will react to its discreet and gentle enchantment.

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CSO: 3542/120

## NEW DEVELOPMENTS POINT TO FUP-FP 25 CONNECTION

## Explosion Wounds FUP Member

Lisbon O DIA in Portuguese 25 Aug 84 p 12

[Excerpt] A low-powered bomb exploded early yesterday morning in front of the PCP's Propaganda Center in Caldas da Rainha, causing some damage but claiming no victims. The device destroyed the PCP Propaganda Center's door as well as windows in several surrounding buildings.

Although the explosion was not powerful, it caused alarm among the inhabitants. No one has claimed responsibility for the attack, but a regional official of the PCP said the explosion in Caldas da Rainha reflects a "resumption of acts of a reactionary nature" in the town.

He said: "For the past month, we have been noting a certain resumption of acts of a reactionary and anticommunist nature, an example being the conspicuous tearing down of our posters advertising the AVANTE festival." He added: "Those acts are the result of two colloquiums which were held in Caldas da Rainha in opposition to the draft Internal Security Law and which included participation by members of the CP and the MDP-CDE [Portuguese Democratic Movement-Democratic Electoral Commission]."

The same CP cadre said the explosion was premeditated and prepared for. About an hour before the explosion, someone entered the propaganda center and turned off the lights by removing the fuses, he said.

The CP has reported the incident to the Public Security Police.

## Porco Valley

A second explosion occurred at about midnight the night before last at a sawmill in Porco Valley (in Proenca-a-Nova). Antonio Garrido was seriously injured.

The injured man, whom authorities suspect of being linked to the attack, was taken by automobile to the Castelo Branco Hospital. The other two occupants of the vehicle fled without leaving any identification. Because of his serious condition, Antonio Garrido was transferred to the Sao Jose Hospital in Lisbon.



Workers at the sawmill said there was no reason for the attack. They added: "There are no problems here with the employer. We don't understand the reason for this bomb."

Meanwhile, members of the Judicial Police and other authorities are looking for those responsible for the bomb explosion and have already made one arrest. The man arrested is the owner of the vehicle used to take Antonio Garrido, the man injured when the device exploded, to the Castelo Branco Hospital.

Sources at the Judicial Police have not yet confirmed four other arrests.

#### More Attacks Claimed by FP 25

The self-styled 25 April People's Forces [FP 25] claimed responsibility yesterday for several operations, specifically a bomb attack on a Fiat 124 automobile in Torres Novas.

The organization says in a communique that that explosion was hushed up by the Judicial Police, as were others perpetrated in Barcelos and Mazarefe against the industrialist Liquito. The communique from the FP 25 concludes by saying that the Judicial Police "know from their ballistic examination that the weapons were ours."

Is the terrorist organization's communique claiming to deduce the obvious from a "ballistic examination" that is always carried out by the police, or is it trying to insinuate that it has informers inside the Judicial Police?

#### Police Path More Certain

Lisbon DIARIO DE NOTICIAS in Portuguese 27 Aug 84 p 4

[Editorial: "The Case of FP 25"]

[Excerpt] After the "brains," is it the turn of the "operatives"? The events of the past week seem to indicate that the Judicial Police [PJ] are now following a more certain path in efforts to dismantle the FP 25 April. Without excessive ostentation, they have made new arrests, issued arrest warrants, and, according to reports that have come to light, are investigating that terrorist organization's possible international links, specifically with Qadhdhafi's Libya. Along with all those actions, an accident--or at least what appears to be an accident--has come along to add to the suspicions concerning a possible link between the FP 25 and members of the People's Unity Force (FUP), a legal political party that has attracted the attention of the Judicial Police from the very first.

In itself, the circumstance that a former FUP candidate for deputy was injured in the explosion of an explosive device which, according to a communique from the PJ, "he was carrying and preparing to put in place" in a locality near Proenca-a-Nova does not justify putting the blame on that political organization, but it is certainly a compromising circumstance authorizing police to enter the organization's premises.

## FP 25, Otelo's Swiss Account

Lisbon EXPRESSO in Portuguese 1 Sep 84 pp 1, 16

[Text] Police authorities are convinced that a large portion of the money deposited in a Swiss bank account in the name of an FUP member arrested on suspicion of having ties with the FP 25 came from bank holdups in Portugal, according to what EXPRESSO was told by sources in the PJ.

The account was opened at the Swiss Banking Union in Geneva on 3 November 1982 in the name of Maria da Luz Lopes Nunes dos Santos. Its number is 566-358-01M. Otelo Saraiva de Carvalho was one of those authorized to use the deposit. Also on the same list were a number of FUP officials who have now been arrested: Humberto Dinis Machado, Pedro Goulart, Antonio Escumalha, Maria Helena da Costa Pereira, Vitor Guinote dos Santos, and Joaquim Dias Lourenco.

The same sources said that about a month ago, the magistrate investigating the FP 25 case, Martinho de Almeida Cruz, asked Swiss authorities to block the account to prevent withdrawals while a member of the Judicial Police is in Switzerland investigating the case.

According to statements by those arrested, the funds deposited in Switzerland represent financial aid granted by "friendly countries" which they refuse to identify. Investigators do admit that some money--but not all of it--may have come from countries supporting the FUP, one example being Libya. Those suspected of having ties with the FP 25 said the "friendly countries" deposited over 20,000 contos in the Geneva account in January of this year and that an identical sum was expected in July but did not arrive because the organization's top leaders had been arrested.

Money from those sources was also funneled through other channels: either through representatives of those countries who came to Portugal for that purpose or by way of Madrid, where FUP members went to collect it. In December 1980, Otelo himself reportedly received, from a Libyan diplomat accredited to Madrid, a "Christmas present" consisting of a package containing about 1,000 contos in dollars. Reportedly, that amount was then turned over to the FUP by the FP 25's strategist [Otelo] in that same month, probably as a reimbursable loan.

Authorities are still investigating other accounts held by FUP members that were opened at branches of Portuguese banks in Lisbon, Aveiro, and Agueda as well as at the Bank of London and South America and the Franco-Portuguese Credit Bank. Some of those deposits belonged to an import-export firm established in 1978 under the acronym IEP. The firm served as a front for laundering the FUP's funds--as also happens, incidentally, in the case of several other parties. That firm's activities are also the object of attention by the police at the moment.

A great many of the clues on which the investigation is based turned up in documents seized at Lieutenant Colonel Saraiva de Carvalho's residence at the start of police operations against alleged members of the FP 25. Some of those papers consisted of summaries of meetings by FUP cadres and had been written in Otelo's

own hand--as he has already admitted to the examining magistrate. The names of people and organizations were indicated using abbreviations or initials, the meaning of which Otelo has wanted to keep confidential and which the police have reportedly been unable to decipher completely. Authorities feel that the abbreviations OPM, DPM, RM-BPM, DE, DIMA, PDEC, TXP, and ECA and the word "Conclave" refer to illegal organizations linked to the FUP.

"DPM" might stand for the plenary session of a leadership organization. One of the notes found in the lieutenant colonel's home read: "Recoveries to date since last DPM: 12,350 contos. Payment of debts, including 20 percent ECA: 11,297 contos." Police did not fail to link the word "recoveries" with its meaning in the FP 25's vocabulary: bank robberies.

Investigators are also intrigued by another handwritten entry by Otelo that includes the following: "Conclave--scheduled for early November 1983, with establishment of a committee. All security problems responsibility of ECA. All comrades wearing hoods." Again, the writer of the note has invoked confidentiality to avoid explaining the meaning. For their part, investigators working on the case are convinced that holding meetings with faces covered may be common practice in the FP 25. This seems to be indicated by the seizure of a hood from one of the chief individuals suspected of belonging to that organization's operational network: Joao Carlos Macedo Correia, who was arrested in Porto 2 weeks ago.

These clues have strengthened investigators in their conviction that the FUP is a legal cover for the FP 25. If true, the documents seized from Otelo would be too compromising, and that is why the magistrate investigating the case wants Otelo to remain in Caxias Prison.

#### Perpetrator of Attack in Mozambique?

Sources at the PJ say that the perpetrators of the attacks for which the FP 25 has claimed responsibility as well as the circumstances surrounding preparations for those attacks have now been identified, although not firmly enough to produce incriminating evidence in court in all cases. On the other hand, there do not seem to be substantial clues as yet for clearing up some of the big bank robberies carried out recently, such as the one in Lisbon last February that netted the holdup men 108,000 contos.

A great many of the actual perpetrators of those acts are still at large, and the PJ is convinced that some of them have managed to escape abroad. A reliable source who requests anonymity says there is information indicating that the individual chiefly responsible for the explosion of a bomb in Sao Mamede last April (which resulted in the death of a baby) has taken refuge in Mozambique.

On Wednesday, meanwhile, the Libyan diplomatic office in Lisbon sent a note to the Office of the Minister of Foreign Affairs protesting the fact that "some Portuguese media have been conducting a campaign to denigrate Libya's image" in connection with the FP 25 case (it should be recalled that EXPRESSO reported in its last issue that authorities were investigating possible links between that organization and Qadhafi's regime).

In the meantime, the Judicial Police are continuing to investigate a possible "Libyan connection" in the FP 25 case. In support of that hypothesis, there now exist not only the revelations concerning the channeling of funds from Libya to the FUP through official representatives of that country, but also some of the notes seized from Otelo. One of those notes--which the author again claimed was confidential material--says: "JAR/Q. 20 percent. Budget of 1.2 million for now.... Libya investment 2 million." It should be noted that in 1982, the JAR (Revolutionary Autonomous Youth) sponsored a trip to Libya by 30 of its members. It is also known that eight FUP officials also visited Tripoli at the invitation of the Libyan Government, although the date of their visit has not yet been ascertained.

#### Sought FUP Member Interviewed

Lisbon EXPRESSO in Portuguese 25 Aug 84 p 16R

[Report on interview with Jose Mouta Lis, FUP leader sought by police, in Lisbon; date not specified]

[Text] "Terrorism in Portugal is completely insignificant in comparison with other European countries. The excessive attention being paid to violence in our country serves very clear political objectives." Jose Mouta Lis, the only executive leader of the FUP still at large--although a warrant for his arrest has been issued--agreed to have lunch with three reporters from EXPRESSO to talk informally about the latest events involving his organization and the 25 April People's Forces.

The man singled out as one of those most sought after by the Judicial Police for alleged ties with the FP 25 appeared at the Pabe Restaurant alone. He presented a calm and relaxed appearance that contrasted with his situation as a wanted man: "I run the risks of someone who doesn't worry about being arrested, but my conscience is clear because there is nothing that can incriminate me," he explained.

#### ETA and IRA as Organic Models

We spoke primarily about political violence. Our interviewee is the leader of an organization which supports violence and which is now being linked with another organization that has practiced it with some regularity. Mouta Lis accepts and supports the violent character which the FUP seeks to impart to its strategic objective: the "socialist revolution." He admits that this might be confused with the FP 25's actions, but denies the existence of any link or organic relationship between the two organizations--like that, for example, which exists between the ETA-M [Basque Fatherland and Liberty Group-Military Branch] and Herri Batasuna (its legal support) or the IRA and Sinn Fein. But he confirms that the FUP does maintain relations with the Irish in Sinn Fein and the Basques in Herri Batasuna.

Mouta Lis protested: "Our concept of an organic model is not the same as that held by the ETA or the IRA. The situation, according to what we are told by the FP 25, is that its strategic plan is very close to our own, so it is natural that there should be political stands that are confused with each other and lead

to conclusions of that kind. And the compartmentalization which must exist in the FP 25 rules out the interpretation which originally led to the assumption that such a link exists. Today, not even the police interpret it that way."

Becoming more specific, and referring to what one of the reporters present felt was the "historical failure" of schemes for violence in European societies, Mouta Lis said that "historical processes have provided experience and led revolutionaries to organizational concepts and practices for intervention that spare them those dangers--which in fact did exist in joint organizations with an organic structure."

From that standpoint, the arrest of FUP leaders and members and of Otelo himself is no more than a "tap administered by the government"--and one which, in his opinion, was encouraged to a great extent by the PCP, which he says managed to convince the prime minister that there were ties between the FP 25 and the Communists, thus leading Soares to give the "green light" to the operation.

From his interpretation of these events, Mouta Lis draws the conclusion that the chief objective of the police onslaught against the FP 25 was purely political: to keep Otelo out of the presidential election. "With one Eanist candidate and another from Mario Soares' area, the vote would necessarily be very close. And that thin margin might be determined by the vote for Otelo--even if he did not win very many votes. That is why his presence in the presidential race would be more important politically than his first candidacy was--when he won 17 percent of the vote."

#### "Will Return to Bank After Disability Ends"

Mouta Lis is accused of having taken part in the meetings at which the FP 25 was organized, of being its treasurer, and of having provided the information leading to the holdup of a truck carrying 108,000 contos. The only reason he has not been arrested is that when the PJ went to the Bank of Portugal, where he works, with a warrant for his arrest, he had already left the building after first managing to begin his vacation early--the following day. He later interrupted his vacation to present the bank with a statement from his attending physician saying that his two ulcers had caused his illness to grow worse. Still later, and before he had been on disability leave for a month, Mouta Lis presented another statement, signed this time by a woman professor at the School of Medicine who specializes in gastroenterology, saying that he was unable to work.

He told us: "When my disability is over, I will return to the bank, but for the moment, I am going to take advantage of this time off to try to help in the tasks of reorganizing the FUP, showing solidarity with our imprisoned comrades, and, above all, establishing contacts with organs of power and parties in an attempt to alert them and make them aware of the conditions in which our members, particularly Otelo, are being held."

We got back to the question of violence to recall that the FUP was practically the only organization on the left which not only did not condemn the FP 25's actions but even held a press conference (days before the police operation) at which it defended, almost explicitly, that organization's activities. How can that stand be interpreted?

"Very simply, we--the FUP--feel that the objective conditions have not been created for engaging in the mass violence we advocate--with a view to establishing a revolutionary people's army."

But, we interposed, that is one more reason, logically, to challenge the FP 25.

Mouta Lis concluded: "The fact that there are other organizations engaged in violent action does not mean that we should criticize them in the sense of denouncing them or that we should condemn them, as many have done."

Qadhdhafi's Libya the Model

The FUP is a party advocating radical solutions that might be considered outmoded when analyzed in the light of identical--and unsuccessful--experiments in other European countries. But Mouta Lis feels that Portugal is experiencing a situation that has no parallel in the other countries and that the solution to the "deterioration of the political and social situation we are experiencing" can only be found outside the current institutional framework:

"The PCP cannot--and does not want to--exceed the 20-percent mark in elections, and most of the worker movement therefore wants revolution, it wants power, and it wants socialism."

Mouta Lis also claims that the political model advocated by the FUP is not the same as what exists in the Eastern countries--where there exists "only a distribution of wealth without power being in the hands of the workers." It comes closer to the "Libyan model." Colonel Qadhdhafi's country is described as "a society in which there exists a characterization that assumes some aspects of a clearly socialist nature--not only with respect to the distribution of wealth but also as regards the distribution of power."

As we were talking about Libya, one of the reporters showed his surprise at the sympathy expressed by Mouta Lis for the Qadhdhafi regime. He recalled, for example, that Libya had suddenly ceased to be one of the chief supporters of the POLISARIO Front [Popular Front for the Liberation of Saguia el Hamra and Rio de Oro (Western Sahara)] on the Saharan issue so as to establish an agreement with Morocco. Mouta Lis' only explanation was the "political and economic isolation to which imperialism has subjected Libya," and he said that the agreement with Morocco was "an attempt to break out of that situation."

After saying that the information his organization receives from abroad has been practically "cut off" as a result of the police operation against the FUP, he added: "It remains to be seen whether the end of support for POLISARIO was the concession made in exchange for that agreement."

Although feeling that there is no perfect and paradigmatic model of socialism in any country in the world, Mouta Lis feels that the FUP must continue its pursuit of "utopia" so as to bring it into existence in Portugal. He is not bothered by the fact that his organization is "small and of modest importance," and he prefers to point to the example of himself and his comrades as one of "untiring and ceaseless" activity to achieve that objective as long as others

in the same part of the political spectrum "have either stopped trying to achieve power or, as a result of their own lack of ability, have been left behind."

#### FUP Member's Probable Dismissal

Lisbon O DIABO in Portuguese 4 Sep 84 p 5

[Text] According to information just received by our newspaper from a highly placed source in the Bank of Portugal, there is a political and administrative will within the central bank to put an end to the scandalous situation that is continuing to benefit an employee of that institution who is one of the most sought-after (?) members of the FUP in connection with the terrorist group FP 25, Mouta Liz [spelling variation in name as published].

The medical "disability" leave granted as a result of two strange physician's statements that have not prevented fugitive Mouta Liz from moving about freely everywhere--having lunch with EXPRESSO and granting interviews in a state of perfect health--is described at the Bank of Portugal as "an insult that must be brought to a stop."

Although Portuguese labor laws protect his impunity, the Bank of Portugal has already made an internal study and ordered administrative measures that will lead to the immediate suspension and subsequent dismissal--after a disciplinary process--of Mouta Liz.

Prof Jacinto Nunes, governor of the Bank of Portugal, who is spending a short vacation in Algarve, was contacted on this subject by a reporter from O DIABO. He told the reporter that the Bank of Portugal has now decided--at its latest meeting--that the medical inspector will visit the domicile indicated in the two statements certifying Mouta Liz' illness that were issued by a woman physician. If he is absent from that domicile, the corresponding disciplinary procedure will also begin at that time.

Meanwhile, O DIABO has learned that Mouta Liz has been visiting the Bank of Portugal and even spending a few minutes in the personnel section, only to disappear immediately when faced with the amazement and indignation of those aware of his situation and police record.

Our newspaper has also learned that the magistrate investigating the FP 25 case has asked the Bank of Portugal for photocopies of the statements attesting to Mouta Liz' illness, presumably with the intention of taking criminal action against the physician who signed those statements.

#### Close FUP-FP 25 Connection

Lisbon O DIABO in Portuguese 4 Sep 84 p 5

[Commentary: "FUP Must Be Declared Illegal"]

[Excerpt] One finding is that there is a close connection between the FP 25 and the FUP--as close as that between one's lips and one's teeth. "Legal arm"

and "illegal arm" are two parts of the same body. The FUP is a legal, necessary and vital cover for terrorist activity. The FUP is not a political party: it is a branch--an instrument for the support of illegal acts: violent and criminal acts. With that having been determined, it makes no sense for the political authority not to take the necessary steps to ban the organization, which is taking advantage of the law to act outside that same law for clearly subversive purposes.

Constitutionally (and the Constitution is usually taboo for those advocating subversion of the regime), such political groups are not allowed in Portugal. But they exist. And the political authorities have closed their eyes to their activities. Now that the links between the FUP and armed terrorism have been established and the government claims to have assumed the powers belonging to it, it will be interesting to see how long the government will pretend to be unaware of the nature of the FUP's activities. How long will the FUP be allowed to remain within a legality for which it has no respect?

The government, and more specifically the Ministries of Justice and Internal Administration, must decide concerning the action required by this case, and it is a moral imperative: to declare the FUP illegal and ban it. We will say that in the current circumstances, the decision on whether or not to ban the FUP will be the touchstone by which to judge the political authority's ability and will in the fight against terrorism--by which to judge whether the announced assumption of its responsibilities goes beyond words.

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## OBSTACLES IN WAY OF SECURITY POLICY CONSENSUS EXAMINED

Copenhagen BERLINGSKE TIDENDE in Danish 10 Sep 84. p 9

[Commentary by 'Monitor']

[Text] The re-establishment of broad agreement on security policy is a political task that cannot be carried out by civil servants alone.

The second anniversary of the four-leaf-clover government is also the second anniversary of the most problem-filled period for Danish security policy since World War II. The traditional agreement has broken down. The nation has no security policy because it has two--the government's and Folketing's. This situation cannot continue in the long run--on either the parliamentary or the international level.

But the hope that the broad agreement could be re-established was encouraged when Social Democratic political spokesman Svend Auken suggested at the beginning of June that the government prepare a security policy report that could form the basis for negotiations among the various parties on future policy. The suggestion met with a positive reception and on 15 June the prime minister appointed a committee of civil servants under the leadership of the head of the first department of the Foreign Ministry, Ambassador Peter Dyvig, with representatives from the prime minister's office, the Foreign Ministry and the Defense Ministry. The committee has been working intensively over the summer and a very detailed report can be expected within a few months.

Will the report be capable of creating broad agreement on security policy? That is far from certain. And under any circumstances, more is needed than that. Working out a compromise between the security policy views of the government and the Social Democrats is not a task for experts or civil servants. In the truest sense this is a political task that can only be carried out by politicians.

However this does not mean that the work done by the civil servants is unimportant. An attempt has been made before to solve a problem in relations among the political parties in the security policy area by setting

up a committee of civil servants. This was when the V-K-R [Liberal-Conservative-Radical Liberal] government took office in 1968. Starting in 1969 it would be possible under the North Atlantic Treaty to leave the alliance after giving a year's notice. This situation created expectations of an intensified security policy debate that would create further difficulties for the Radical Liberals, now members of a government that supported Danish membership in NATO without reservations. But by appointing the so-called Seidenfaden committee the problems could be postponed until a report was ready. And when this happened 2 years later, the political problem was no longer relevant. The report, which concluded by saying that there was no alternative to Danish NATO membership, was met by stunning indifference on the part of politicians. It was the actual appointment of the committee that had solved the political problem--not the almost 500-page report.

It will not be quite that easy this time. The Dyvig committee will not be allowed to work as long as the Seidenfaden committee did. Political interest is too great for that. But in light of the speed with which Danish security policy has changed recently even a 6-month truce could prove beneficial. Security policy problems have already changed in character since the bitter debates concerning medium-range missiles at the end of 1983 and the beginning of 1984. The perspective has become broader and simplistic slogans have become fewer in number in the debate outside Denmark. And presumably these changes will spread to us.

A major problem for the work of the Dyvig committee is due to the unique parliamentary situation. The committee's task is not to formulate a report that can gain the support of a majority in Folketing--for there is a majority there already. The problem is to find another majority. And that makes it a more difficult job--and not a typical task for state officials.

Nor will the committee be seeking a normal compromise. A compromise is a solution lying somewhere in the middle of the desires of participating parties. And that is probably the kind of compromise the government and the government parties are hoping for in this instance. But what would produce one?

There is very little that would induce the Social Democrats to enter into a compromise just now. After all the party has an automatic majority for the policy it can agree on internally. And so far the government has been willing to live with that situation. The Social Democrats do not have to buy anything and the government has very little to offer. So how can we get a deal out of that?

For the Social Democrats the grounds for an agreement would have to be Folketing's resolution of 3 May and the object would be to get the government to not only accept it but work actively for the views expressed in it. This will be further underlined when the party congress next weekend approves without reservation a resolution on keeping Denmark free of nuclear arms "in peace, in times of crisis and in war."

But something that might induce the Social Democrats to seek agreement with the government on the policy to be pursued in the future is a desire to remove security policy problems from the partisan conflict before the party returns to power some day. For then a security policy could not be pursued with the present partners.

And a too open shift to cooperation with the current government parties could create internal problems in the party if security policy issues are still fraught with conflict at that time.

It is in this context that the Dyvig committee's work is important. Seen in relation to the accidental way in which Danish security policy has been established through a tactical move in Folketing without proper preparation, it is important just to produce a better factual basis for new far-ranging decisions.

Where the committee can make a contribution to both a factual basis and the possibilities of creating broad agreement is with a report that looks forward to future problems (and not back to the issues on which there has been disagreement), that looks at security policy problems in their full political breadth (instead of just regarding them as a question of weapons, as Folketing has had a tendency to do in recent years) and that--in line with traditional Danish security policy--stresses the balance between deterrence and defense on the one hand and detente and dialogue on the other.

The last and decisive prerequisite for results is that politicians (and this in particular means party leaders, relevant ministers and members of the Foreign Policy Board) take the necessary time to review the problems and not yield to the temptation of using slogan-like phrases that will insure that they are talked about but will not bring Denmark out of the untenable situation the country has been in in parliament and internationally for the last 2 years.

6578

CSO: 3613/223

## HELICOPTERS FOR ARMY, NAVY MAY NEVER RECEIVE FUNDING

Copenhagen BERLINGSKE TIDENDE in Danish 10 Sep 84 p 2

[Text] We may soon find out there are no funds for anti-tank helicopters. In the defense agreement between the government parties and the Social Democrats seven large materiel purchases are listed in order of priority and the anti-tank helicopters are next to the last on the list.

Under the defense agreement the army and navy are both scheduled to get helicopters for fighting tanks and as target indicators for Harpoon-armed ships respectively. But many years will go by before the helicopters are operative if the acquisitions ever become a reality.

According to chief engineer Erik Ort Mortensen of the Air Materiel Command, Defense Minister Hans Engell (Conservative) can at best ask Folketing for the anti-tank helicopters for the army next December, after which the first of 12 new helicopters could arrive in Denmark in 1988.

So far seven foreign firms have submitted bids on suitable helicopters: Aérospatiale of France, Agusta of Italy, Westland of Great Britain, MBB of West Germany and the American firms, Bell, Hughes and Sikorsky.

Among the current favorites is probably the West German BO 105 P from Messerschmitt-Bölkow-Blohm, which the Swedish defense system has chosen for its army. Another is Hughes with its H 500 MD with the TOW anti-tank missiles installed. For a number of years the army's air service has flown the H 500--sometimes with the police on board in a search for speeders on the highways. The H 500 MD is a further development of the H 500. The West German and American models are quite similar to each other in size and appearance.

But we may quickly find out that there are no funds for the anti-tank helicopters anyway. The defense agreement lists seven large materiel acquisitions in general order of priority. On this list the anti-tank helicopters are the next to the last.

And unforeseen expenses could change the format of the defense agreement so that planned new acquisitions are dropped or postponed to the distant

future. Among the unforeseen expenses we can mention a possible increase in the Danish payment to NATO's so-called infrastructure program, which is a joint NATO fund to pay for projects in individual NATO countries that will directly benefit the entire alliance. If this happens it is far from certain that Folketing will appropriate extra money for this fund, in which case the money would have to come out of the defense budget.

With regard to the navy helicopters, the parties to the defense agreement (the government parties plus the Social Democrats) decided that four existing Lynx fishery inspection helicopters would be altered "as soon as possible" so they could also locate enemy ships for Danish vessels carrying Harpoons. In that way the Danish ships can keep a good distance away from hostile ships. After firing the Harpoon missile can hit ocean targets around 100 km away.

"We may have a recommendation ready by next spring on the 40 million kroner that the rebuilding of the helicopters is expected to cost," said Erik Ort Mortensen, "after which the first rebuilt Lynx could be operative by the end of 1987."

In addition to the rebuilding of the Lynx helicopters, an independent advisory and analysis group under the Defense Ministry will analyze the question of the "possible use of real navy helicopters in Denmark," among other things.

This could mean the acquisition of more helicopters for the navy, perhaps equipped with missiles, so they can be used alongside navy combat ships against a hostile ocean force. But not many people in the armed forces think this materiel acquisition will take place. If it does it would not happen before sometime in the 1990's at the earliest.

6578

CSO: 3613/223

## DEFENSE MINISTRY RESPONDS TO CHARGES OF TORNADO DEFICIENCIES

Bonn WEHRTECHNIK in German Sep 84 p 16

[Text] In response to the West German Press Agency report "TORNADO is a Headache to its Pilots" (25 July 1984), the Federal Ministry of Defense has issued the following statement:

--Flying hour quota is not being met: the federal armed forces have fully met their flying hour quota with the TORNADO weapon system for its annual tactical training program.

--Too much maintenance is required: TORNADO requires 60-70 maintenance hours per flying hour. This is only slightly more than that required for simpler weapon systems. The technical goal of 33 hours bears a different definition and does not cover all parts of the system.

--Power plant life expectancy is too short: life expectancy does not depend upon the number of flying hours, but upon the stress imposed on individual engine parts. Thus one particular engine part may have to be replaced after 200 hours, while in other engines the same component may be good for 500 hours.

--Power plant is inefficient: this ignores the fact that the TORNADO's climb capability is not a criterion for its combat role. The TORNADO is not a fighter, but a fighter-bomber intended for low-level flight. Its acceleration in low-level flight compares favorably to that of all similar aircraft.

--TORNADO is a lame duck: the PANAIA spokesman denies ever having called the Tornado that. In answer to a question, he tried to explain the difference between the capabilities of a fighter and those of a fighter-bomber when used in a fighter operation.

--TORNADO cannot exceed the speed of sound in low-level flight: it is true that in low-level flight, fully armed, the TORNADO does not reach Mach 1 without afterburner.

--Inadequate armament: the Multiple Purpose Weapon 1, developed in parallel with the TORNADO, is a conventional weapon designed specifically for that weapon system and superior to all other weapons in target effectiveness. The KORMORAN serves the navy as a standoff weapon which is at present the most modern missile

system in the world. The greatly increased target accuracy of the TORNADO weapon system permits much greater target effectiveness even for conventional bombs than is the case with other aircraft.

--Limited survivability in combat: the TORNADO weapon system has security, protective and defensive facilities which provide it with many times the survivability capabilities of other known aircraft.

--Limited effective radius of the Cerberus: the statement that Cerberus is not fully effective is wrong; for reasons of security, it cannot be discussed and therefore not disproved. The chaff/flare container has been tested, accepted and is fully functional. Threat adaptation measures are taken continuously.

--The autopilot functions only at altitudes above 60 meters: this statement is inaccurate. In terrain-following flight near Mach 1 a certain altitude must be maintained for the protection of the crews. If this causes enemy radar to detect it for short intervals, the TORNADO initiates automatic countermeasures and leaves little opportunity for [enemy] attack.

--Insufficient spare parts inventories: delays in spare parts procurement for newly developed aircraft are normal during the introduction phase. Temporary delays are acceptable for reasons of economy.

--Canopy deformation: plexiglass contracts in cold and expands in heat. This physical process caused a slight deformation in the TORNADO canopy. A change in the canopy locks, which has already been initiated, guarantees satisfactory closure.

--Supersensitivity of the electronic system: the overall electronic system of the TORNADO is not supersensitive. The only reaction of this type is the electronic indication for maintenance personnel of possible deficiencies, which occurs after landing. This is of no consequence to flight operation. Additional systems are available for confirming deficiencies.

--There are difficulties with the high-frequency antenna: the cause of deficiencies found in the high-frequency radio equipment was a defective connecting cable to the antenna which had to be identified. For this reason the radio was not being used. Necessary changes to remedy the defect are currently under way. Elimination of this auxiliary radio equipment which is used only under certain tactical conditions, did not impair flight operations.

--High technology impaired by old-fashioned equipment: in developing the TORNADO the enormous technological progress of the last years was used wherever it was indicated for the TORNADO's penetration capability and effectiveness. Proven existing equipment was of course used also. It is wrong to conclude from that fact that deficiencies were caused thereby in the overall system.

--Users and manufacturers were not in touch: for the first time in this program, all concerned sat around a table from the very beginning to contribute their experience to this aircraft. The cockpit, for example, was developed in

close cooperation between crews and engineers. Military program flight test officers have influenced the project from the start of flight testing until today. Experiences and new knowledge are reported on a continuous basis.

In summary, it can be stated that the TORNADO has given proof of its suitability for fulfilling the mission intended for it.

9273

CSO: 3620/452



## EX-SECURITY OFFICIAL ON ARMS GRAY MARKET

Rome L'ESPRESSO in Italian 26 Aug 84 pp 16-19

[Article by Sandro Acciari and Franco Giustolisi: "Army for Everybody--Made in Italy"]

[Text] We are selling tanks, airplanes, pistols, cannons even to "forbidden" countries like Libya, South Africa, Bulgaria. There is a trick to it: an ex-officer of SISMI has disclosed the trick together with names, facts, and exact instances.

"As far as the arms trade is concerned, the only real obstacle to obtaining the licence should be the intelligence services' consent with regard to state security. Therefore, a need arises in firms dealing in arms to find personnel within the military circles with service 'connections.' The great majority of companies manufacturing arms for export makes use of retired military personnel who, because of their connections, are able to facilitate the paper work."

It is very simple, almost obvious, procedure. All one has to do is to look through the list of employees of the major arms companies in order to find the name of a retired officer, almost always a general. There is nothing strange in this, at least not on the surface. However, very few people know that this same officer was, until retirement, a member of SIMI, the military intelligence service. Therefore, he is very well acquainted with the men and procedures involved in obtaining permits for arms sales to foreign countries. It often happens that the very same officer who is now dealing on behalf and in the name of a company who wants to sell arms materiel was, up to a few months earlier, on the other side of the fence. So, thanks to this ambiguity in roles between controller and controlled, the permit is easily granted and business thrives.

Commander Angelo De Feo, who for 5 years (between 1972 and 1977) has been the head of the second section of the "RIS" group of the intelligence service, has told about this simple and almost obvious procedure. The officer has told everything he has learned during those 5 years to the examining judge of Trento, Carlo Palermo: the suspicious ease of the proceedings, the systematic violation of military secrecy, the names and the role of his colleagues and superiors who were attending to the paper work and then, at the end of their

tour of duty, would 'move on' into the offices of some major industry. In a word, all the behind-the-scene intrigues in a very sensitive and secret sector which, last year, have resulted in sales of 7,400 billions (see chart).

This is how Italy, De Feo has said, without being too particular, sells arms to everybody, even to those countries to which, because of international politics and military strategy, it would not be wise to sell. Now we understand why Italy has ended up in fourth place among the exporting countries preceded only by the two super-powers: the United States and the Soviet Union, and by France. The announcement was made during the National Conference on the Defense Industry which was held at the beginning of July.

The former intelligence officer states: "Our country, as things stand now, is the fiercest and most obstinate seller of armaments and its undisputed success is insured not only by the quality of the product, but also by the fact that no conditions of sale are imposed on the buyer by our technical or political controlling bodies. Therefore, very often, during the various local wars which have followed one another almost everywhere during the last decades, both contestants have used equipment 'made in Italy' and have continued to receive regularly, during the emergency, supplies as well as technical assistance. In spite of what we want others to believe, the product of our industries, even though it is good, would not have aroused such interest if it would have been sold under strict conditions; it seems that our country is behaving like any ordinary arms dealer. Proof of this lies in the fact that our production, even if it is at a good level, has never been such as to be significantly included in the large NATO productions."

The arms manufacturers sell to whomever has the means to pay, adds the commander, in spite of any obligation to secrecy. But how are the tasks assigned within the interdepartmental committee which has to approve the sale? And whose decision is the most important? De Feo is also definite on this: "Every representative of the committee expresses his opinion according to his specific cognizance: the Ministry of Finance on money matters; the Ministry of Foreign Affairs on the possibility to carry on trade relations with a specific country; the Ministry of Defense on possible falling behind in supplies to the armed forces by vendors and on possible commitments made by firms with regard to supplies; training of men, test of equipment, etc., undertakings which are generally satisfied by military schools and by controlling military agencies; the intelligence services on the national threat caused by sale of weapons system. There is no doubt that the service has the most important task and the final say-so inasmuch as the principal interests of the entire national community are involved. Now, no more or less technical discussion can be more eloquent than the following data: from 1972 to 1977, years in which I took an interest in the problem, only three or four applications for export have been rejected. Of these: one for Uganda, in which Amin personally requested the gift of a cannon from Oto and one for Bangladesh or the Sudan (I don't remember which one) because the country could not offer guarantees of payment."

And now we arrive to the gravest charge. The work of the intelligence services is said to be "heavily influenced by personal relations" between officers and the individual industries. A disconcerting statement to which

Commander De Feo adds names, surnames, ranks and specific instances. Here they are, exactly as they have been recorded during the examination and which Judge Palermo has sent to the Parliamentary Commission of Inquiry on P2 and to the Investigating Committee. Let us start with names: "Among the officers who were in the services or in the agencies dealing with exports and who, after retiring, joined the industrial sector in order to maintain contact with the services I want to point out: Commander De Arcangelis, who joined Societa Elettronica; General Montiglio, who joined Marconi in Rome; General Derrico, who joined Officine Galileo of Florence; General Bianchi, who joined Societa Macchi; General Beraccini, who joined SIAI Marchetti; General Mereu, who joined ITT; Colonel Miniella, who joined Beretta, Moto Fides and Valsella; Commander Borsani, who joined Meteor; General Bernini, who joined SNIA Viscosa."

Let us go on to the incidents mentioned in the witness' statement. The most important chapter is dedicated to Libya: "That nation," De Feo begins, "is included in the U.S. list of potential enemies of the members of the NATO bloc." In spite of this, Qadhafi seems to be a respected client. The former intelligence officer first remembers some business deals: "Twenty G222 military transport planes; 200 'Lion' tanks; 4 missile launching corvettes; about 300 airplanes (SIAI Marchetti or Aermacchi) converted by the seller to fighter bombers and antiguerrilla planes in the Libyan desert 800 miles from Tripoli (Colonel Pallotta was cognizant of the fact); hundreds of M113 armored personnel carriers and self-propelled batteries; Otomat missiles with their own maintenance elements, and pre-assembled military troposcatter stations; hundreds of thousands of automatic weapons; an unknown number (but consistent with the rest) of 6616/6614 FIAT armored cars; 3 Ab47 helicopters; 5 Ab206 helicopters; 2 Al09 helicopters; 200 'Palmaria' self-propelled artillery pieces." Then he adds: "We cannot honestly claim that this does not constitute a grave direct and indirect threat to the security of our country: direct, because of the position taken by the government in Tripoli toward the two blocs, there is no doubt that every increase in power constitutes a threat to our country which occupies such a delicate and frail position in the dispute among alliances who dominate the Mediterranean area; indirect, because with the destabilizing action carried out in the countries which influence the Mediterranean area, Libya makes it possible for local conflicts to become international conflicts with the possible involvement of our country."

Still referring to Libya, Commander De Feo relates a known incident: "In the period prior to 1975, Colonel Correra, head of RIS, received a message from the American and German intelligence services about the presence of four 'Leopard' tanks in a Libyan oasis. The four tanks had been photographed by an American spy satellite." What is not known is the sequel to the story: "From the day book at the Harb or Office at Civitavecchia, it seemed that four tanks were taken aboard a ship. However, the matter was concealed by saying that there had been an error in communication." A last reference to the business with Qadhafi, "Colonel Minerva took care personally of the first big shipment to Libya of armored personnel carriers, self-propelled batteries, and ammunitions. The colonel went to Tripoli several times. I have later found that that officer went to work for an oil company, I don't know if it was an Italian company or a foreign one."

Second concise chapter of Commander De Feo's deposition: Bulgaria. In this case the officer also remembers a well known incident: "Towards the end of 1974 the Turkish authorities sent Italian authorities a list of registration numbers of Beretta pistols confiscated from Turkish terrorist groups. The registration numbers of the pistols showed up among those which had been sent to Bulgaria." Then the officer proceeds to report on the background of the episode: "What astonished me was the fact that the disclosure did not cause surprise or embarrassment among the members of the committee. On the contrary, when, at a later date, a new request came in for export of a further shipment of 40,000 pistols to that country nobody had anything to say." In his deposition to the judge, Commander De Feo says that when he pointed out to his chief (during a committee meeting) the real destination of the weapons, he received a sharp answer: "What do the Turks matter to you?"

This is not everything. "I declare that until July 1977, date on which I left the service, not less than 480,000 pistols had been exported to Bulgaria." And still: "I submit that Colonel Mottola and Colonel Maugeri, both retired army colonels, were connected with Beretta in Rome." Further on, De Feo adds: "The paper work (for Beretta, writer's note) was overseen by Colonel Correra until 1975 and by Colonel Pallotta until 1977. Pallotta was a member of the interdepartmental commission of the Ministry of Foreign Trade for export of arms while, on the other hand, he was in contact with the companies requesting the permit and with Colonel Maugeri. They met in person or by telephone as a function of the support of the services to the export procedures."

In his deposition the officer explains how to avoid the international bonds to which Italy is subjected. "For the export of arms to South Africa (UN embargo), France, the only nation which did not sign the agreement, was building warships for that country; the necessary equipment for the fitting-out of the ships was furnished by Italian companies which had a regular authorization to export to France, even though it was well known that the ships were earmarked for South Africa." A not very unusual incident, since De Feo later adds, speaking of methods of transportation: "The shipments left from the ports of Talamona and Ortona, almost always on a Danish ship. Sometimes shipments of munitions would be sent to a nation who never did buy that particular weapon. It was, therefore, clear that the destination was not the one which appeared on the records...."

This is the report that was made by Commander Angelo De Feo to the magistrate and is now at the disposal of Parliament. But this is not all. Before concluding the officer wanted to give his opinion on the "great reform" of the intelligence services: "Contrary to what we would have expected and because of the lack of tight controls, the real victims of the reorganization of the services in 1978 were the newcomers. As a matter of fact, the officers of the old SIFAR who, de facto, controlled all the most important positions in the agency put on the discharge list the majority of those elements who had joined SID during the last few years and who, in their opinion, were not able to offer sufficient guarantees of trustworthiness. The irony of it all is the fact that, in order to give more creditability to the whole operation, it was decided that the people who had been kicked out would not be able to return to the agency in the future in any kind of qualification thereby indicating

that they alone would bear the sole responsibility for the unlawful actions of which the services had been accused...."

In order to protect themselves in the future from any kind of threat on the part of the newcomers, and in order to support any kind of operation," concludes Commander De Feo, "the Ministry of Defense of that time had to sign a secret law in which it was established that 'the hierarchy within the personnel of the service is determined by the position held within the service,' eliminating the qualification held in administration and originated in the armed forces or in the army corps." Military grades, seniority count for nothing in the intelligence services. He who has a certain position gives the orders and even the higher-ranked officer must obey. "Such a law, signed on 19 May 1978 by the Minister of Defense in agreement with the Minister of the Treasury, has been recorded at the State Audit Court on 12 July of the above-mentioned year."

#### CHART

A 7,400 billion business.

(Proceeds of military sales and exports in 1983 of the top 12 industrial groups in billions of current lire.)

<u>Group</u>	<u>Companies</u>	<u>Proceeds of Sales</u>	<u>Proceeds of Exp. Sales %</u>	<u>Employees</u>
1. Fiat	Fiat ind. veh., Fiat Aviation, Whitehead, Motofides, Sepa, Telettra, Magneti Marelli	1,000	600 (60)	7,500
2. Fin. Breda	Oto Melara; Oto Transm., Meccanica Bresciana, Galileo, Breda Forges, BFM	1,100	600 (55)	6,700
3. Finmeccanica	Aeritalia, Alfo Avio, Meteor, Partenavia	750	490 (65)	8,500
4. Agusta	Agusta, SIAI, Em, Iam, Fomb, Omi	700	560 (80)	8,000
5. Snia - Bpd	Bpd, Simmel, Sipe-Nobel, Cmm, Aerochemie	650	490 (75)	4,400
6. Fincantieri	C. N. Riuniti, Intalcantieri, C. N. Breda, Gmt	600	320 (53)	7,600

7.	Stet	Selenia, Elsag, Vitroselenia, Italtel, Selenia Space, Dea	440	285 (65)	5,500
8.	Oerlikon	Contraves, Oerlikon Ital.	252	225 (90)	1,750
9.	Aer. Macchi	Aermacchi, Sicamb, Omg, Vega	200	120 (60)	2,900
10.	Elettronica	Elettronica, Mpe, Eis, Gmbh	180	158 (88)	2,050
11.	Borletti	Borletti Def. Div, Valsella	167	130 (78)	1,800
12.	Bastogi	Siel (Elmer, Laben, (Ote)	130	48 (37)	1,550
		Total	6,169	4,026	58,250
13.	Other Companies		1,250	375	12,000
		Grand Total	7,400	4,400	70,250

Over 120 industries are sharing the armament production cake. A sector which, in the last 10 years, has shown an average nominal rate of growth of 30 percent and which last year reached sales of 7,400 billions. However, the lion's share has gone to the seven leading companies. This amounts to over 85 percent of sales and between 55 percent and 80 percent of export: Fiat (leading private firm in the field of war productions), the Breda Holding Company (which includes Oto Melara), Finmeccanica (Aeritalia), Agusta (helicopters), Fincantieri, Snia Bpd, and Stet (Selenia-Elsag).

Thus, there have been 10 years of big business, but the future does not seem to warrant great optimism. At the National Conference on Defense Industry notes of satisfaction about past figures were replaced by worried talk about the next decade: it was said that, in order to create a new weapons system, 10 years are needed. Another 5 years are needed to put it into production. To these figures add excessive production diffusion: 2 builders of training planes, 3 aeronautical motors factories, 3 missile factories, 12 telecommunication factories, and 14 factories in the fields of munitions, fuses, and mines.

[Insert]

Who controls the controllers?

Arms traffic and control by the intelligence services. Once again everything has to be redone. Antonio Bellocchio, communist member of Parliament, who

until a month ago has been a member of the PCI delegation to the P2 Commission, has no doubts: it is necessary to reestablish distances between the controller (SISMI) and the controlled (armament industries): "Laws and regulations have to be changed in this area. Today there is such an intermingling of interests between arms manufacturers and officers of the intelligence services that the majority of officers, upon retirement, has a job on the very next day in arms companies. It is advisable that after these officers retire there should be a hiatus of a certain amount of time before they can be hired."

Why these precautions?

"Because there is a committee at the Ministry for Foreign Trade of which some officers are members and without whose favorable opinion no permit for arms exports can be obtained. It is clear that if this relationship is not broken it will be impossible to have honesty and clearness in granting the permits."

But it was well known that this did happen....

"Certainly, but it was not substantiated by the crop of documents and examples which we are receiving from the proceedings gathered by the P2 commission. An alarming picture emerges, a practice which in the sign of impartial interest of individuals and companies brings Italy into fourth place among the arms exporting countries after the United States, Soviet Union, and France."

And the political forces have never noticed anything?

"Without expressing summary judgments of blame, it must be pointed out that the documents indicate that there is a party in the government which is enjoying the economic advantage of these conditions of merry confusion, of absence of clear regulations, and of unsuccessful supervision, namely the PSI."

12521

CSO: 3528/122

## SPAIN'S DEFENSIVE ROLE IN MEDITERRANEAN STRESSED

Madrid ABC in Spanish 29 Aug 84 p 17

[Text] Spain's military presence in NATO and specifically in the defensive deployment in the Mediterranean is both expected and necessary. This conclusion was expressed directly and indirectly at different times by 3 exceptional speakers who brought up strategic problems in the old Mare Nostrum at the Mediterranean International University.

Modern means of transportation have almost converted it into a lake since it may be crossed from east to west in a few days by ship and a few hours by air, yet it still constitutes one of the key areas in the Western world. There are 18 nations on its shores with 300 million people, and it handles about 3,000 ships a day, two-thirds of which are at sea and the remaining third in the various ports of which only one is fresh water.

As Admiral Salgado Alba explained, the ideology of the Mediterranean countries is 80 percent Western and 16 percent communist. That, as pointed out by Italian Admiral Brauzzi, presents serious problems for the Soviet fleet which, although not comparable to that of the US, indeed exercises a prestige presence. When its accords with Egypt were terminated, it found itself without ports to put into and does so in two anchorages off Tunisia and Sicily, with the problems of inconvenience which such a thing brings to mind for crews, despite their Spartan-type Marxist quality, which cannot go ashore.

Admiral Salgado pointed out the East-West (political) and North-South (economic) tensions along with those arising from structural influences (religion, culture) at work on this sea and stressed that the defense of maritime traffic constitutes a geostrategic objective of highest priority.

Along these lines and specifically regarding the importance of the Balearic Islands, Lieut Col Planells Bonet, instructor at the Highest National Defense Studies Center, stated that they are like a key piece in the Balearic-Canary axis and on the Suez-Gibraltar supply line when it is taken into account that 40 percent of the fuel reaching Europe does so through Mediterranean ports (as pointed out by Admiral Brauzzi). Planells said that the Balearics, second line of defense with Corsica and Sardinia after the strait of Sicily, constitute a base of great importance which should be fortified beyond the levels of an idyllic, peaceful area, and not only from the naval and air aspects but also in terms of ground forces having to deal with any invasion.



## CIVIL GUARD TO ASSUME MORE 'MILITARIZED' POSTURE

Madrid ABC in Spanish 29 Aug 84 p 15

[Text] The META plan establishes that the Civil Guard will be responsible for overall defense of the territory, a task which up to now used to be entrusted to the BRIDOTs. Defense Headquarters is currently working toward developing the following principle: the Civil Guard of the future will be more "militarized" and will play a decisive role in the tactical deployment of the armed forces. The development of this principle raises two basic questions: more men and better light-type combat weaponry. Plus one long-range topic: tactical training of CG officers through staff courses which, under Ground Forces guidance, have already begun.

The discovery by the socialist government, as Interior Minister Jose Barrionuevo defined the CG, has also been converted into the discovery by the defense minister, Narciso Serra. To support the Spanish Army's operational flexibility in a hypothetical combat confrontation, the rearguard is to be safeguarded by the CG. The advantages seen by defense in this corps are its mobility, deployment, ease of supply and professionalism. Lacking, from the military point of view, is operational flexibility.

## Greater Economy

Mobility is expected in a corps used to ground deployment. Support services and infrastructure are noticeably cheaper than in the army strictly speaking. On the other hand, modern armies lean increasingly toward professionalization of their men. Studies made by Defense Headquarters agree on the utopian nature of efforts to create corps professionalized through high cost. The same sources consider that the CG is tied to the criteria of modern warfare in which the most operationally flexible unit is the brigade and in which the fundamental thing is the combatants' technical and professional preparedness.

So that the operational defense of the territory assignment will not be just a concept, Defense Headquarters has begun to work on an ambitious long-term and partially attainable plan. What becomes clear is that from now on the CG will play a basic role in strategic planning. Ground Forces feels that a broader relationship is needed and counts on the new promotions of officers from La Benemerita who will pass through the headquarters corps.

To improve the CG's military "operational flexibility," an increase in strength would be necessary but above all the issuance of medium-type equipment: BMR, helicopters, anti-tank equipment, greater firepower. It may become necessary to increase the power of a structure already existing in the CG, but one "the full consequences of which have not been assessed": the mobile commands.

The commands cited are set up as reserve forces to assist those in areas in which they may be needed. This criterion exists in the regulations on urban security. Military experts assert that developing these criteria is all that is needed for the operational defense of the territory. It is felt that mobile commands may even be specially assigned to meet these requirements, with deployments outside urban areas.

#### Seaborne Civil Guard

The CG will not be exclusively responsible for ground defense but also for the continental shelf at sea. The Seaborne CG, with Criminal Investigation Department and Treasury Service functions along the entire Spanish coastline will call for an expenditure of about 2 billion pesetas which will be paid back in a very short time through contraband seizures. The increase in arrivals of terrorists in Spanish territory and the infiltration of drugs along the coastline make the utilization of this service essential. The CG will be equipped with fast patrol craft and launches so as to provide a service which will reach as far as 3 miles in the case of the Treasury Service and up to 12 miles for the CIG and administrative police.

In addition, the military character of the CG means that its deployment will encounter no problems in the political structure of the autonomies since it actually belongs to the state structure. The responsibility for operational defense of the territory will remove any doubt as to whether or not the CG will remain on any Spanish territory regardless of the size of law enforcement transfers to the autonomous government. The CG will maintain and increase its deployment over the entire territory.

9436

CSO: 3548/330

## AIR FORCE STRENGTH INCREASED IN NORRLAND

Stockholm DAGENS NYHETER in Swedish 25 Aug 84 p 6

[Article by Erik Liden]

[Text] Air defenses will be beefed up in upper Norrland and air force preparedness will be increased as early as next summer. New radar stations will be installed and an entire Viggen fighter division will be formed at the F 21 air base in Lulea in early 1985.

These are some of the previously delayed measures to strengthen the military in upper Norrland that have now become economically feasible.

"Obviously, those of us who fly in upper Norrland understand that our strategic position has become more vulnerable," sector commander Col Bert Stenfeldt told SVENSKA DAGBLADET. "As a result, we are happy to see that modern high-altitude 860 radar stations and low-altitude 870 radar stations will be installed. At the same time, we will retain the old radar stations so that we will have a satisfactory range both to the west and to the east."

Colonel Stenfeldt makes no secret of the fact that the military intelligence his Viggen pilots and the Radio Institute of the Armed Forces gather from the Kola Peninsula and other locations, with the help of Caravelle planes that are fully equipped with sensitive radio equipment, will be of decisive significance for Swedish military preparedness.

"Thus, last summer's discussion about closing down wings for summer vacation was useful. Even though restrictions on working hours and the need for sufficient vacation time for our personnel mean that we must limit our activities for several weeks during the summer, we can still improve our readiness if something unexpected should happen in our region."

As examples, Bert Stenfeldt stated that the F 4 base in Ostersund and F 15 in Soderhamn could increase their activities during the summer weeks when flight activities at F 21 were suspended. Several wings from southern Sweden could exercise in Norrbotten by being temporarily stationed at F 21 or some of the 10 military bases in the region.

"In addition, by testing our preparedness, we can see whether or not our pilots

and technicians are actually present at their emergency posts. Last summer I found that only about 10 percent of our personnel were out of the country or difficult to reach. This means that, with a few hours' notice, I can achieve full air force preparedness, although at an additional cost."

Colonel Stenfeldt indicated that the same increased level of preparedness was possible on major holidays, on weekends, and during the dark hours of the day.

"This also means that I can lend fighter and reconnaissance planes to southern Sweden during 10 of the year's 52 weeks, in order to increase surveillance in the southern part of the Baltic Sea, where military exercises are held must more extensively than around the Gulf of Bothnia.

#### Priority In North

Bert Stenfeldt pointed out, however, that the construction of new air bases in both the Soviet Union and Finland and the establishment of modern fighter units show the importance that the Soviet Union, especially, attaches to its Murmansk base and other military facilities on the Kola Peninsula.

The Swedish air force is now placing a high priority on Norrland and the Arctic North as well. Military bases are being expanded, so that the main strip will have as many as five smaller landing strips around it. Planes will be kept at widely scattered locations and preparations and repairs will be made at various sites on the base, so that the enemy will be unable to concentrate only on a few often-used runways or locations.

Another goal is to blast tunnels in mountains for Viggen planes. This has already been done at one base, where 10 Viggen planes can be concealed.

#### High-Altitude Radar

The high-altitude 860 radar can be equipped with an antenna that can be raised or lowered from an underground shelter. In this way, it can be protected when not in use or during an air attack. Normally, the 21-meter mast can be seen from far away, unless the surrounding forest is as high as the mast. Its range is more than 30 nautical miles.

"Since we will also retain our old radar stations, this will increase our ability to change stations, which will increase preparedness," Colonel Stenfeldt said.

"With three Viggen divisions, we will also be Sweden's most modern air force wing. We are already the largest."

Almost 1,500 people work at the F 21 base, at its 18 permanent worksites and at 475 different facilities in Norrbotten and Vasterbotten. The annual budget is 320 to 330 million kronor, which makes F 21 Sweden's largest military workplace. Each year, 650 inductees receive their basic training at F 21 and over 2,000 participate in refresher training.

Last Friday, the military commander of Boden, Lt Gen Bengt Gustafsson, decided that summer vacations in 1985 would be spread out over a period of time, in order to further increase air force preparedness in upper Norrland.

## STRUCTURAL CHANGE REQUIRES COORDINATION, DECENTRALIZATION

Duesseldorf WIRTSCHAFTSWOCHE in German 3 Aug 84 pp 10, 13

[Article: Europe's Last Hope]

[Text] Structural changes in Europe lag far behind those in the U.S. Now aid is to come from the EC.

Europe is coming up empty handed. While the U.S. economy, with growth rates in national income of six to seven percent, has achieved a kind of dynamism not seen since the stormy postwar years, the economic recovery in Europe has remained flat. "Right now the U.S. is leaving Europe in the dust. Foreign companies and investors in search of growth and profits," reported the U.S. magazine BUSINESS WEEK with pride, "are spending their money in the U.S."

This fact cannot be denied. At the moment the Old World has lost her appeal. She has nothing comparable to pit against the U.S. boom. The Americans have created nearly seven million new jobs just since 1982, while in Europe the number of jobs is still decreasing. Even the luster surrounding British Prime Minister Margaret Thatcher is fading; she has been just as unsuccessful up to now in combatting unemployment as French President Francois Mitterrand who even felt obliged to force a shakeup in the government.

Far-reaching successes in terms of the job market have also eluded the government of Chancellor Helmut Kohl up to now. It is already feared that the "mini boom" in the German economy could come to an end next year, thus bringing an unemployment figure of three million into the realm of possibility.

However, the blame for this European "disease" can be placed only in part on the current governments. "While the old industrial sector is fighting to survive, Europe is just not equipped for the future. Everywhere you sense a dangerous lack of any new entrepreneurial spirit," complained Albert De Macchi, economics expert with Olivetti in Milan. Europe clearly still finds itself deeply involved in structural change. And when "massive dislocation and change come to the technological sector, all the theories on economic trends and cycles simply do not function," emphasizes management expert Peter F. Drucker.

In contrast to Europe, the U.S. already has a large part of the technological advancement behind it. The now almost legendary Silicon Valley is just one example. When the first hi-tech companies began operating out of garages there in the early 1960's, they formed the basis for the current economic upswing in the U.S.

In the meantime, 10.8 percent of the industrial production in the U.S. is produced by the so-called hi-tech sector. "One out of every eight employees already works in this area," says the technical director at Siemens, Karl Heinz Beckurts. In the FRG, however, that part of industry considered "hi-tech" is just 4.7 percent. The programs developed by national technological planning groups are competing with one another to close the gap between America and Europe. The EC--otherwise better known for its expensive ways of maintaining economic structures--is following this trend and has discovered the politics of technology. Apparently the EC-weary Europeans are supposed to become convinced again of the value of the EC through visions of high technology. At the end of February of this year the Council of Ministers of the EC decided upon a program for promoting technology and gave it the lively name of Esprit (European Strategic Programme for Research and Development in Information Technology). According to this program 1.5 billion ECUs annually, or about DM 3.4 billion, will be pumped into the promotion of information technology. The specific goal of Esprit is to consolidate the up to now scattered nature of European research and thus strengthen it.

There is certainly nothing wrong with the basic idea. In the area of research the Europeans are perpetrating a terribly wasteful exploitation of human and financial resources. In the field of information technology in Europe, for example, 10 companies are developing digital switchboards. In the U.S. and Japan, on the other hand, only three to four firms in each country allow themselves the luxury of producing their own digital systems--and this is for a market that is much larger than the European one. Only in theory is the European market equal in size to the competitive markets in North America and the Far East. In the area of hi-tech the differing technical standards serve to redivide the EC market into smaller national zones. "There is no technical system in Europe where differing standards do not exist," sighs Rolf Moehler, director of domestic markets and trade and industry within the EC Commission.

Esprit, according to TIME "the last hope for Europe," has generally met with a favorable response from industry. "From the beginning," says the Dutch electronics firm Philips, "we have supported Esprit wholeheartedly." Even at computer-maker Nixdorf, where national policies on promoting research are normally greeted with scepticism, company board member Horst Nasko has come out in support of "a joint European strategy such as Esprit."

This agreement is no coincidence--two years ago already the twelve best known firms in the area of information technology got together to discuss coordinating their research activities. At the time feelers also went out to the financial centers in Brussels. The accusation that EC tax money is being misused for cooperation which had already been deemed necessary is brusquely dismissed. "We do not depend on that money," said a Siemens representative. Nevertheless, they are cashing in.

Klaus Neugebauer, general manager of Softlab, one of the largest software companies in the FRG, complained about the one-sided way in which Esprit distributes money. "The large companies," he complains, "are dividing the pie up among themselves. The few smaller firms taking part in Esprit are only tokens."

"Esprit," asserts Ted Donnelly, an advisor at BPA (Technology & Management) in London, "is designed exclusively for large-scale industry." In the final analysis, the kind of cooperation acceptable to both sides is only possible among partners of equal strength.

But whether growth incentives will emanate from the large firms is highly doubtful. The cartel conference sponsored by the Federal Cartel Office in Berlin rather indicates the opposite conclusion. Promoting large companies leads to a greater concentration and then to a slowdown of technological progress. Reduced growth and fewer jobs are the result. This can also be seen in the example of the U.S. where in large part it was the small companies which provided the dynamism for the current structural changes.

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CSO: 3620/419

## PRIME MINISTER WARNS PRIVATE CONSUMPTION TOO GREAT

Copenhagen BERLINGSKE TIDENDE in Danish 26 Aug 84 p 1

[Article by Lisbeth Knudsen]

[Text] The prime minister does not want to intervene to regulate the economy, but he conceded that this might be necessary if industry does not get going to an adequate extent. He rejected the idea of increasing the number of KRF [Christian People's Party] ministers before another election is held.

If the government is to avoid economic intervention of some kind it is obvious that production must rise even more and exports must continue to show a promising trend.

Prime Minister Poul Schluter said this in an interview with BERLINGSKE SONDAG. He emphasized the point that the government did not want to practice austerity measures of "the old type" and that in his opinion no intervention was necessary.

He felt confident that production and exports will live up to expectations.

"Private consumption is at the upper level of what we can permit ourselves. It must not rise further. And I do not think it will now. I hope we will have a further rise in exports so that we can continue to allow the consumption level we have now," said the prime minister.

"We will have a bigger balance of payments deficit in 1985 than we would like and the level must come down in 1986. We want to avoid oldfashioned interventions, but that requires that production rises further and that exports continue in the good track they are in now," he added.

In the interview Poul Schluter commented on the public discussion among the government parties that have dominated the summer--especially the debate on an extra minister for KRF.



The prime minister said of the discussions that "statements are not what have created the problems around his desk." He made it clear that there will be no more KRF ministers this time around, but if the party gets one or two more seats in the next election, "there may be a basis for having two KRF ministers," in the view of the prime minister.

6578

CSO: 3613/221

## CENTRAL BANK CHIEF SEES CONTINUED NEED FOR AUSTERITY POLICY

Copenhagen BERLINGSKE TIDENDE in Danish 26 Aug 84 p 1

[Article by Frank Dahlgaard]

[Text] A new period of financial austerity will be needed if the exchange deficit for 1985 is no lower than the government is now predicting, the director of the National Bank, Erik Hoffmeyer, said.

Although optimism now prevails in the private business sector, a weakening of economic policy could quickly return Denmark to the "edge of the abyss" where we found ourselves when the government changed hands in 1982.

These remarks were made by National Bank director Erik Hoffmeyer, who considers the present balance of payments situation untenable: "If the deficit in the balance of payments falls by only a few billion kroner in 1985--which was the government's latest prediction--I definitely think a new fiscal austerity policy will be necessary. Whether this should take the form of further public spending cuts or higher taxes and fees is a political question."

The statement of the National Bank director is in clear disagreement with the stand of the prime minister, who told BERLINGSKE SONDAAG today that he is prepared to wait for a sizable reduction of the exchange deficit until 1986.

Erik Hoffmeyer: "As a result of the balance of payments deficit our foreign debt is rising all the time. The situation has developed into a race between our export revenues and the interest burden on our foreign loans. But when the economic upturn abroad subsides it could be very hard to get export revenues to keep on matching mounting interest costs. Therefore a real effort must be made to reduce the balance of payments deficit right now while foreign markets are favorable."

Hoffmeyer made it clear that if Denmark loses the race with interest costs, we will drift back toward the "edge of the abyss":

"Then other countries would again question our credit rating as was the case in 1982."

Hoffmeyer also disclosed that a tightening of the National Bank's monetary policy is an imminent threat.

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## PAPER SUPPORTS NATIONAL BANK CHIEF IN CALL FOR AUSTERITY

Copenhagen BERLINGSKE TIDENDE in Danish 30 Aug 84 p 12

[Editorial: "Stay on Course"]

[Text] It is the government's opinion that there is no need for immediate economic policy interventions to deal with a worsening of the balance of payments situation. But in an interview with BERLINGSKE TIDENDE, National Bank director Erik Hoffmeyer indicated an unwillingness to implement new lending restrictions on the capital market, even though the growth noted in loans extended by financial institutions is regarded as untenable.

These declarations must be greeted with satisfaction. For too many years the Danish economy has staggered along under one short-sighted intervention after another. One tax bouquet has replaced another and frequent employment plans and so forth have attempted in parallel with this to ward off the unemployment created by the austerities of fiscal policy. The network of restrictions in which the organized capital market has been enmeshed--especially in the 1970's--led to the emergence of a number of new unorganized financial markets; here there was limited caution and an increased risk of unpleasant surprises or direct abuses.

That kind of economic policy did not have the desired long-term effects on the balance of payments, inflation and unemployment. The short-term effects were quickly exhausted and instead the subsequent harmful effects had long-term consequences.

The four-leaf-clover government's policy of restoration must be viewed as a systematic attempt to come to grips with this economic policy line. In several respects the parliamentary situation has meant that the restoration policy lacked sufficient force. But its orientation toward an income policy restriction and the start of restraint in public spending has been clear and much needed.

Of course this line should be adhered to when new problems arise. Therefore the National Bank director is right in saying that it will be decisive in reducing the balance of payments deficit to arrange for a very tight income policy in the next contract period and to present a budget

for 1985 that involves a clear tightening of fiscal policy. It should also be noted that the National Bank rejects selective interventions aimed at reducing the national interest burden. A tenable reduction of the interest level must come through a sizable reduction of the balance of payments deficit effective as early as 1985.

Thus a clear agreement can be noted between the position of the National Bank and the economic policy intentions of the government. More short-term interventions of one sort or another are not desirable, but a policy is needed that can create the foundation for lasting progress. The spending cuts in the budget in relation to the April compromise with the Radical Liberals which will be necessary are a natural step in this policy.

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CSO: 3613/221

## CONTINUED INCREASE IN EXPORTS BOOSTS INDUSTRY

Copenhagen BERLINGSKE TIDENDE in Danish 7 Sep 84 Sec III p 3

[Text] Export sales and orders received did well in July too, according to the latest figures from the Danish Bureau of Statistics.

Orders received by Danish industries (with the exception of shipyards) in July showed an increase of 18 percent, according to the Danish Bureau of Statistics. Some 27 percent more orders came from the export market and 13 percent more from the domestic market. This shows that industry is continuing the clear line from the June figures for industrial orders and sales which were reported last week.

At the end of July 1984 the order backlog in current prices was 30 percent higher than in the same period in 1983. Export orders grew by 34 percent and the domestic order backlog grew by 26 percent.

For industry as a whole, i.e. including shipyards, sales of industry's own goods and services rose 15 percent in current prices. Export sales were 25 percent higher and sales here at home were 9 percent higher.

## Order Backlog Higher than Last Year

Orders received rose 16 percent in current prices. Of this amount 27 percent more orders came from abroad and 10 percent more from the domestic market. The order backlog in current prices at the end of July 1984 was 28 percent higher than last year. The export order backlog grew by 28 percent and the domestic order backlog grew by 27 percent.

Progress is still being made in industry in the areas of raw material extraction, food and beverages, clothing and textiles, furniture, the chemical industry, mechanical engineering and pottery, among others.

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CSO: 3613/221

## FARMERS HEADING TOWARD HARVESTING LARGEST-EVER GRAIN CROP

Copenhagen BERLINGSKE TIDENDE in Danish 4 Sep 84 Sec III p 1

[Article by Ib Christensen]

[Text] Crop yields are 10 percent above the last record year, 1982, and 36 percent above last year. The surplus value will amount to around 3 billion kroner, according to estimates by the agricultural sector.

This year Danish farmers will have a grain harvest of 8.8 million tons, which is absolutely the largest harvest in Denmark's history. This is 2.4 million tons more than last year and will mean excess profits of several billion kroner, in the opinion of agriculturalists. "The harvest is so large that it will probably go down in Danish history," said chief consultant Frank Bennedsen of the National Committee for Plant Cultivation in Aarhus, who made this first real prediction. For comparative purposes, the yield in the record year of 1982 was roughly 8 million tons. The surplus value of this year's harvest is loosely estimated at around 3 billion kroner.

## Price Increase

"The grain harvest is of great importance for agriculture's economic situation and it will mean an improvement in the balance of payments. If the surplus harvest is exported there is a basis for a price increase of 150 kroner a ton," said the president of the Agricultural Council, H. O. A. Kjeldsen.

"The total exchange effect will be around 3 billion kroner in relation to 1983. If the harvest is put into livestock production, net earnings will be correspondingly large in terms of foreign currency. The development and outlook are encouraging, especially viewed against the background of the unusually low harvest yields in 1983, where the negative effect added up to 2.5 billion kroner."

The good harvest is due to ideal growth conditions with the right distribution of rain and heat. For most crops there will be handsome yields. Southern Jutland, however, has had too much rain while central and western

Jutland have suffered from a certain amount of drought, but these variations will not affect the general picture.

In addition this year's harvesting has gone easily and quickly thanks to the dry harvest weather. The kernels are large and have arrived at the nation's grain and feed firms in dry condition, so that to a large extent the costly process of drying the grain can be entirely eliminated.

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CSO: 3613/221



## DANISH SUBSIDIARY FIRMS INCREASE AS NATIVE-OWNED FIRMS DECREASE

Copenhagen BERLINGSKE TIDENDE in Danish 5 Sep 84 Sec III p 11

[Text] The number of local firms is declining. The Greenland Technical Organization does not consider unconditional development a positive thing. Big Danish firms can hinder the development of small local ones.

In 1983 the Greenland Technical Organization, GTO, had sales of 1.5 billion kroner--a little less than the year before--and a deficit of 10 million kroner. Turnover in the operating firms, the electric, heat and water plants, shipyards and building services along with the telephone system rose about 1 percent to 703 million kroner. Sales in the construction industry fell 3 percent to 730 million kroner.

In this context the GTO report for 1983 mentions that the unusual climatic conditions in Greenland in 1982 and 1983 caused substantial and abnormally long delays in a number of construction projects. A long hard winter in 1982/83, poor summer weather and an early and hard winter in 1983/84 led to delays, especially in road and conduit projects and in landscaping work at all construction sites. The delays led to a reduced consumption of around 50 million kroner in state building appropriations alone.

The total number of delays was larger than anything that has ever been seen before and the situation underlines the need to be able to transfer unused funds from one year to the next, the report says. This possibility has not existed in the past but it is now expected to be introduced in 1985 as part of the government's ideas on modernizing the public sector.

The trend of declining employment in the technical sector in Greenland continued last year. Compared to the year before employment dropped 5 percent to around 3,490 employees. The reason is fewer jobs with local employers plus a reduction in the number of people employed by GTO.

The number of local craftsmen's and contracting firms fell by 6 to 303. But the number of affiliates or subsidiaries of Danish contracting companies increased. According to the annual report GTO does not consider this

development altogether positive because the large capacity of the Danish firms can hamper the development of local firms.

As far as shipyards are concerned, rationalization produced substantially improved operating results in 1983.

"If we base a decision solely on capacity and economic considerations, 1 or 2 wooden shipyards on the west coast are all that would have to be shut down. However in addition to their value for the local fishing fleets the shipyards are quite important in training students," the report said.

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CSO: 3613/221

## POLITICAL BACKGROUND OF MBB/KRAUSS-MAFFEI MERGER EXPLORED

Duesseldorf WIRTSCHAFTSWOCHE in German 3 Aug 84 pp 81-83

[Text] The politically motivated takeover of Krauss-Maffei by the MBB [Messerschmitt-Boelkow-Blohm] group will give rise to an immense armament production complex in Munich. MBB chief Vogels definitely sees synergy effects between the aircraft manufacturers and the tank smithy.

Whatever the reason why Friedrich Karl Flick wanted to get rid of Krauss-Maffei AG of Munich--he will always find a buyer for the 147-year-old company with its 4,600 employees and about 2.1 billion marks in sales revenue in 1983. Because the Allach traditional firm gets 85 percent of its income out of its arms business: Krauss-Maffei is the largest German producer of tanks.

Merely the announcement by Flick that he was engaged in selling negotiations with foreign interests, such as the British aircraft manufacturing company of Vickers for example, made Federal Defense Minister Manfred Woerner sit up and take notice. The possible sale to interests in a foreign country of this tank smithy, where more than 5,000 tanks have been built so far with animal-sounding names such as Leopard, Gepard, or Wildcat, gave no peace of mind to the politicians on the Rhine and Isar. After companies such as Krupp, Thyssen, or Bosch had declined all offers, Woerner urged the head of the aircraft-construction and astronautics group Messerschmitt-Boelkow-Blohm (MBB), Hanns Arnt Vogels, to assume a majority interest in Krauss-Maffei.

"MBB is the German concern which can least afford to demur to the takeover," suggested a political insider in Munich soberly about the Ottobrunn company, which last year had sales involving aircraft or astronautics of almost 6 billion marks, and which is 90-percent dependent on government contracts and financial support from the finance minister.

It seems that Vogels, the chairman of the managing board who has been in charge at MBB for 1 1/2 years, was by no means keen on the takeover of the tank manufacturer from the northwest of Munich either. After all, experts from his own firm as well as the entire armaments industry point out again and again that MBB and the tank manufacturer are actually not at all suited

to each other. "Apples and oranges would be lumped together here," suggests an MBB man about the new association, which because of Krauss-Maffei will then have in its range of products synthetics-making machinery and locomotives in addition to tanks.

But presumably nobody knows that with more certainty than the MBB chief himself. Finally, up to the end of 1982 Vogels himself was working for Krauss-Maffei owner Friedrich Karl Flick. Nevertheless the MBB chief definitely sees areas of positive complementarity. "Questions of synergy are of great importance," he suggests, "and if we should become partners, we have the right conceptual attitudes to that end." MBB chief Vogels gives emphasis to his assessment that "the decision to establish an interest in Krauss-Maffei is being made on the basis of calculable factors." But then the Federal Government in Bonn as well as the Bavarian Land government, which with its finance minister Max Streibl provides the MBB with its supervisory-board chairman, cannot help but make the takeover as appetizing as humanly possible for Vogels: They are likely to compensate Flick for the difference between a market price and that which MBB is ready and able to pay. It is true that up to now no figures have been mentioned. But at the start of the year Krauss-Maffei president Hans-Heinz Griesmeier had already volunteered certain bench marks: He let it be known that his company has an insured value of 700 million marks and has disclosed and hidden reserves of 150 million marks at its disposal.

But whatever the price will be: The politicians must accept the fact that in the last analysis the MBB is associating itself with Krauss-Maffei for political reasons. "That means discounts," it is being said in Munich.

The takeover of this concern, which came into the armament business just 20 years ago, is not without risk. Although at the moment Krauss-Maffei is earning good money with its tanks, this is only because at the moment its capacities are being utilized up to its ears--a condition which will soon change. For the period after 1987 there is still a shortage of repeat orders. Moreover, at Krauss-Maffei its traditional locomotive construction is producing heavy deficits--and therefore presumably is already on Vogels' deletion list.

But what the Munich politicians fear above all is an even greater reduction of jobs at Krauss-Maffei if a foreign takeover company were to be awarded the sale and then were to withdraw technological know-how from Munich. The defense ministry would then have only one domestic tank supplier, the Krupp subsidiary MaK [Maschinenbau Kiel] at Kiel. If armaments orders are to continue to be awarded in our own country, some 4,600 jobs would be in danger in Munich.

Despite all their differences: The two concerns also have things in common, not only because both are working on the development of the magnetic railway system Transrapid or because both have air defense systems in their range of products.

For example, there are a fair number of third companies which have close relations with both MBB and Krauss-Maffei and which support the deal. The

Nuernberg armament concern Diehl GmbH & Co., which acts as a component supplier not only for various types of tank but also for Tornado combat aircraft, is even interested itself in joining in the action with respect to Krauss-Maffei. The Nuernbergers are an attractive partner for MBB for the reason that this kind of know-how, which is highly extolled among experts, would approach somewhat closer to the aircraft manufacturers. Even now MBB and Diehl are cooperating in a joint missile-engineering company in the field of guided explosive shells.

The deal is also supported by the Siemens group, which has a 7-percent share in MBB and is a substantial electronics supplier in the armaments field. For example, Siemens is involved jointly with the IWKA [expansion unknown] subsidiary, Kuka Wehrtechnik GmbH, in the development of a Krauss-Maffei antiaircraft tank. But the capacity utilization concerns of MBB and Krauss-Maffei are also the same, because armaments contracts are always placed by the military in terms of a large number of units and with a short duration, so that the capacities have to be built up temporarily, and after phasing out of the programs these capacities cry out for fresh activity.

Krauss-Maffei is not the only company which will "have problems" after 1987, says firm head Griesmeier. Things look similar at MBB: The Ottobrunners will be fully occupied with the Tornado combat aircraft only until 1988. Even if a follow-up order should come in for the pilots in the form of the so-called Fighter 90: Not only will this aircraft be smaller than the Tornado, but also the German share in its production is not as large as with its predecessor and will not be conducive to fully utilizing the capacity of the facilities.

Therefore the Federal Government can confidently anticipate that in Munich the clamor after lucrative armaments orders for aircraft as well as for tanks will become especially loud soon. Ultimately the new arms association has a weighty argument in its favor: Some 41,000 jobs are going to be preserved.

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CSO: 3620/417

## TARGETING, TIMING, SCALE OF FEDERAL R&amp;D SUBSIDY CRITICIZED

Duesseldorf WIRTSCHAFTSWOCHE in German 10 Aug 84 pp 18-20

[Text] Internationally the FRG is one of the leading countries in terms of expenditures for research. The State gives extensive aid in this area. But it can be questioned whether these funds are being properly used.

Hans Klingel, head of project planning at Trumpf GmbH + Co. Stuttgart Engineering Works in Ditzingen, which numbers 1,450 employees, is amazed: "It is a mistaken policy when companies which are doing well are first of all taxed out of existence at two thirds of their profits, and then receive money again from the State for assistance purposes."

The Federal Research Ministry in Bonn bears him out only to some extent. Because an unfavorable equity capital ratio or poor earnings compel many businesses to consider short-term returns on capital. Often there is a shortage of money for the long haul, which is requisite for economic fussing over entirely new products.

The technology center of the Association of German Engineers (VDI) in Berlin confirms such considerations. In a study on the effect of the Special Microelectronics Program of the Federal Government from the year 1982, which cost 450 million marks, the reporting technical experts write that in the 1,000 cases of assistance investigated by them, it was the lack of ready cash above all which prevented these companies from shifting over to new technologies on their own power.

In their first after-action report, the engineers drew a sketch of the essence of the roughly 2,000 projects assisted in this connection: For conversion to microelectronics it turned out that in almost two thirds of all cases a lack of money was the greatest brake on innovation. In the gamut of problems encountered, concerns because of a lack of qualifications on the part of the employees in electronics developmental work follow only at a distinct distance, being prominent in 43 percent of the cases. The verdict of the VDI: "The Special Program unquestionably can help to overcome financing bottlenecks and thus to permit for the first time or to accelerate development projects."

The State as the patron of technical progress--for years now it has shown itself to be generous in this area. Because the "perceived weak point," as it is called in the most recent report of the research minister, "is undoubtedly the insufficiently rapid, determined, and venturesome materialization of results of basic research in new products, processes, and services, when compared to that of the United States and Japan, for example." With its contributions, the government wants to maintain a high level of research and development, to improve this level, and to encourage, give public prominence to, and honor top-quality achievements.

But the State does not content itself with mere words. For example, in 1983 Bonn spent 5.4 billion marks to encourage the private economy to do more research and development, and the Laender forked out 400 million marks more. For their part, the enterprises spent an additional 26.8 billion marks out of their own pockets. More than a third of that was mustered by the machine-building and data processing sectors, 28 percent by electrical engineering and precision engineering, followed by 24 percent from the chemical industry.

Only the United States exceeds the FRG in its enthusiasm for research, expressed in terms of expenditure per capita of the population. But Japan is pressing forward more and more and is on the point of overtaking the FRG.

Between 1976 and 1983, according to the Federal research report, Bonn contributed 14.96 billion marks solely "for important lines of technological development." But the shower of subsidies, which has been increasing year after year, has percolated down very unevenly.

More than a third--5.5 billion marks--has been raked in by the electricity sector alone, primarily for the two internationally much disputed nuclear breeder reactors of Kalkar and Schmehausen near Hamm. The energy suppliers, which in view of their own research expenditures at a level of 0.4 percent of sales pretty much bring up the rear otherwise in the search for new ground, rank far and away at the top in research subsidies, with the exception of the mining industry. In this time period, technology involving coal spent 1.2 billion marks of our tax money without producing any tangible results as yet.

Whereas Bonn has vigorously supported prestige systems in the energy field, the value of the world's annual production of integrated circuits doubled to \$14 billion between 1978 and 1981. But as an industrial power the FRG has a share in this world production currently amounting to only approximately 4 percent, and is dependent to a large extent on foreign countries for this technology of the future. On the other hand, Japan has secured roughly 20 percent, with the United States producing about 70 percent.

The development of the chip has made a detour around Germany. As a result of this, the market share held by German manufacturers in the international growth industry of data processing is as small as ever. This is probably also because until just recently heavy industry somewhat superciliously

dismissed devices such as microcomputers or CAD/CAM equipment as toys, which at best are suited only for backyard electronics enthusiasts. German shares in the exports of so-called high-technology goods by the OECD countries sank from 20 percent in 1970 to 18 percent last year.

After hesitating for a long time, in 1982 the Federal Government finally began its first major assistance program in support of microelectronics and process control. Volume: 450 million marks. These funds were exhausted within a short time, with it being significant that for once these funds were received primarily by small and medium-sized companies, and that half of the enterprises assisted did not even exist only 15 years ago.

From 1976 to 1983 the Federal Government disclosed it had given 580 million marks as subsidies for key technologies and microelectronics (not including the Special Program).

That is not very much. Within this period of time the magnetic-railway design engineers raked in 629 million marks and the Airbus manufacturers 1.3 billion marks; Spacelab and the TV satellite cost 1.6 billion marks, and so far the combat aircraft MRCA [Multi Role Combat Aircraft] has been worth 3 billion marks to Bonn.

The big companies have developed a system for roping in as much as possible of the shower of public money. So in 1982, of the 3.14 billion marks of governmental project assistance for the benefit of the business sector, some 94 percent flowed to large groups of companies. Merely 189 million or 6 percent trickled down to 527 companies which have annual sales revenues of less than 200 million marks per year and which according to the official definition are "not primarily associated with a large company." Of the entire research and development disbursements by the Federal Government to industrial companies (including tax breaks of 510 million and indirect subsidies amounting to 390 million marks), less than one fourth of these was enjoyed by the smaller and medium-sized firms. Yet small and medium-sized companies are by far the most willing to engage in research. According to official statistics, enterprises with less than 50 employees spend over 7 percent of their sales revenues in the difficult search for new products--the average value for the economy as a whole is only 2.8 percent. Only the giants with more than 10,000 employees can hold their own with these midgets: But they are only spending just under 4 percent of their sales revenues for this research.

Berthold Leibinger, managing partner of Trumpf in Ditzingen, which specializes in CNC [computerized numerical control] sheet-metal working machinery, comments: "Like almost every other smaller company, we have made our way without direct research assistance, because in the initial years our personnel in the development area consisted of only me myself to a substantial extent. I would have had no time at all to bother with application forms." Leibinger is one of those people who have succeeded in developing complex manufacturing systems in the backyard, so to speak, and who have thereby acquired an internationally unrivalled technological know-how--without the aid of the State.



The often complicated red tape involved in dealing with bureaucrats has put off many people previously. But now Bonn wants to clear the bureaucratic underbrush somewhat. The State intends to ask more questions about the objective and fewer about the means for getting there. Project-planning chief Klingel: "The indirect-specific system has the advantage of being less bureaucratic. The level of funds is smaller, to be sure. But this is offset by the simplified procedure. Moreover, in this way undesirable trends are guarded against. These can arise when there is only research and no development, because there happen to be large subsidies for doing this sort of thing."

This model of indirect assistance was tried out for the first time in the microelectronics program of 1982. Now it is being continued also with CAD/CAM and with the robot development program. Some 530 million marks are available for this purpose up to 1987 under the catchword of production engineering. The only hitch: The funds are already almost all gone.

12114

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## CZECHOSLOVAKIA PROPOSES TO MAINTAIN FREE-FLOATING CURRENCY TRADE

Helsinki HELSINGIN SANOMAT in Finnish 2 Sep 84 p 38

[Text] Czechoslovakia has proposed to Finland that they permanently switch to a free-floating currency basis in trade between the two countries. Trade between Finland and Czechoslovakia has been experimentally engaged in on a free-floating currency basis since 1970.

The proposal was made at a meeting in Prague of the Finnish-Czechoslovak joint KEVSOS [expansion unknown] and TTT [Economic, Technical and Industrial Cooperation] committees. At the meeting the Czechoslovak partner also expressed its concern over Finnish officials' control action leveled at steel imports.

"The Finnish partner announced that it was prepared to continue negotiations to come up with a solution satisfactory to both partners," they said at the Ministry of Foreign Affairs. Assistant department head Olli Menander of the Trade Policy Department headed the Finnish delegation at the meeting and chief director Zdenek Padevet of the Czechoslovak Foreign Trade Ministry headed the Czechoslovak delegation.

"At the meeting they confirmed the fact that trade has been balanced during the current year, whereas for a long time before then there had been a deficit from the Finnish standpoint," they said at the Foreign Affairs Ministry. Last year Finnish exports to Czechoslovakia amounted to 274 million markkas and imports from Czechoslovakia to 307 million markkas.

At the meeting various lumber industry ventures and the electronics industry, among others, as well as cooperation in the field of environmental protection were considered to be promising targets for trade and cooperation. More active use of credits granted by Export Credit has also reanimated trade.

There is in effect between Finland and Czechoslovakia a long-term program for the expansion of economic, industrial and scientific-technological cooperation in 1982-1985. The program has created a practical framework for the development of economic relations between the two countries.

In connection with the meeting a meeting of customs officials was also organized, at which matters relating to application of the original provisions of the

Finnish-Czechoslovak KEVSOS agreement, simplification of the original verification procedure and changes required in the agreement on the new, uniform tariff list nomenclature were discussed.

## SALE OF NATURAL GAS FROM NORTH SEA FIELDS BEGINS

Copenhagen BERLINGSKE TIDENDE in Danish 9 Sep 84 p 17

[Article by Peter Kjelstrup]

[Text] Gas sales from the Danish fields are now having a real impact on the Energy Agency's statements on production and sales from the Danish fields in the North Sea, even though the Danish North Sea gas project will not start officially until 1 October.

Danish Natural Gas is now appearing for the first time on the Energy Agency's statements on the sale of oil and gas from the Danish fields in the North Sea. Thus at the end of July DUC [Danish Underground Consortium] had sold a total of 9 million cubic meters of natural gas, although the gas project will not begin officially until 1 October.

The fuel value of 1 cubic meter of gas is roughly the equivalent of the fuel value of 1 liter of oil.

At the same time as gas is now appearing in the sales statistics, the big Tyra gas field has now joined the list. Denmark's biggest single industrial project that has cost a total of around 10 billion kroner is now the fourth Danish North Sea field in production. And it is producing both oil and gas.

## A Fraction Sold

The 9 million cubic meters of gas that has been sold is only a fraction of the gas that has been produced for some time from the fields in the North Sea. Just as the Tyra gas field also produces small quantities of oil, the three active Danish oil fields also produce a certain amount of gas. Thus in July alone this added up to over 81 million cubic meters, most of which was pumped back into the Gorm field to help keep the production pressure up so that as much oil as possible can be produced. Later on this gas will come back up along with the oil.

In July a total of around 54 million cubic meters went back into the field while 18 million cubic meters of gas were either burned off or used as fuel in the big production platforms located on the fields.

In July Tyra's production was at the modest level of 18.8 million cubic meters of gas and 5 million liters of oil. In the same period the big Gorm oil field produced 138 million liters of oil and 47 million cubic meters of gas. But as early as this month Tyra will surpass the other fields in the production of gas and in a few years it is estimated that production will be close to 2.5 billion cubic meters a year, the amount the Danish state has agreed to buy.

6578

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## PRIME MINISTER'S ADVISER ON COOPERATION WITH OPEC IN OIL POLICY

Oslo AFTENPOSTEN in Norwegian 13 Sep 84 p 38

[Article by Morten Woldsdal: "Government Relations With OPEC: Cooperate on Prices, Not on Production"]

[Text] Norwegian authorities desire continued informal cooperation with OPEC on setting oil prices. The government will not, however, give in to pressure from OPEC countries to reduce oil production in the North Sea.

"We have a common interest with OPEC about maintaining stable oil prices. Therefore we should also in the future develop further cooperation on prices with the organization on an informal basis," said the personal adviser to the prime minister, Terje Osmundsen, at an oil seminar in Oslo yesterday.

On the other hand Osmundsen emphasized that there is no reason to enter into cooperation on production with the OPEC countries. According to him Norwegian authorities should continue to oppose any pressure from OPEC to reduce oil production in the North Sea--even though they may be strongly criticized by that organization.

"Primarily the high costs involved in North Sea production dictate that Norway can not be a fluctuating producer of oil such as Saudi-Arabia, for example," said Osmundsen.

He made these statements at a seminar arranged by the Fridtjof Nansen Foundation at Polhogda. The foundation has prepared a report on the politicizing of the oil and gas markets, and the consequences for Norway.

The leader of the project has been Helge Ole Bergesen. At the seminar he gave an entirely different view of Norway's future relationship with OPEC than Terje Osmundsen.

"Norway must enter into broader cooperation with OPEC, both as to setting prices and production," said Bergesen. He said that in the future Norway

could be drawn into a supply conflict between OPEC on the one side, and the West and the international energy bureau IEA on the other.

"We must try to contribute to greater stability in the relationship between OPEC and IEA. Norway now has one foot in each camp, and is one of the few countries which can be a connecting link between OPEC and the West in this tug of war," said Bergesen. He pointed out, however, that Norway's relationship with OPEC must be improved before that can take place.

"Norway can not continue to set production records in the North Sea while reduction of oil production may lead to government coups in individual OPEC countries. Broader cooperation is therefore necessary to maintain credibility with OPEC. Without such credibility we can not be a connecting link between OPEC and the West," he said.

Bergesen's views on increased cooperation with OPEC were also supported by several other participants in the seminar.

One of the main conclusions of Bergesen's report is that it is becoming more and more doubtful whether the division between petroleum trade and foreign policy can be maintained in future years. In connection with the Sleipner affair, Norway has always maintained that is a purely commercial transaction, while Great Britain has tried to raise the talks to a political level.

Helge Ole Bergesen said in the report that conditions for Norway's conduct as a petroleum exporter are largely influenced by the political framework surrounding the oil and gas trade. The increased politicizing of the markets, he said, raise not only economic but also foreign policy problems for Norway.

"One must expect that other countries will continue to be greatly interested in Norwegian oil and gas export, and that not all will accept that this is primarily commercial business," it said in the report.

MP Einar Forde (Labor Party) said at the seminar that he agreed with that conclusion. "There is no doubt that we are entering more political waters," he said. Forde emphasized that if Norway does not use political premises as a starting point in future oil issues, a purely commercial sales line can take the country into a political impasse. "Foreign policy considerations must play more of a role in the oil policy decisionmaking process. Oil policy must not be established first, experiencing the foreign policy consequences later," said Einar Forde. The Labor Party representative also expressed support for greater Norwegian cooperation with OPEC.

On the other hand Terje Osmundsen said that there is no reason not to pursue a commercial principle in oil and gas policy. He denied that there is a need for greater politicizing of these questions in Norway, even though he

conceded that it could be desirable under certain circumstances. Osmundsen said in that connection that there could be a need for a somewhat stronger foreign policy backup of the main commercial line.

The prime minister's personal advisor also emphasized the importance of Norway having alternatives which protect the authorities from being pressured from abroad to take certain development measures or the like.

9287

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ENERGY

NORWAY

BRIEFS

CENTER PARTY ALTERS DRILLING STAND--The Center Party is easing its traditional restrictive attitude toward Norwegian petroleum production. In the draft of the election platform they have begun to speak about increasing production, and that to a greater extent than before it would benefit development on mainland Norway. The Center Party continues to insist upon Norwegianization, however. [Text] [Oslo AFTENPOSTEN in Norwegian 15 Sep 84 p 3] 9287

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